

# FINANCIAL TIMES

No. 27,583

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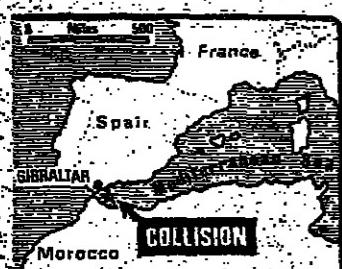


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## NEWS SUMMARY

### GENERAL

Five die as ships collide off Gib.



Five people died and three were missing following a collision between an American oil carrier and an Algerian cargo vessel in thick fog near Gibraltar.

Royal Navy ships mounted a major rescue operation. First at the scene was the submarine *Inshore*, followed by the missile cruiser *Norfolk*, the frigate *Aurora*, the RFA vessel *Oluus* and two tugs.

Wessex helicopters were also despatched and a boarding party was put aboard the American *Yellowstone* (11,000 tons). The dead and missing so far reported are from the *Yellowstone*.

The collision happened 14 miles south-east of Gibraltar and the Navy reported the ships locked together.

Quake kills 11 in Japan.

Japan's worst earthquake for 15 years killed 21 people and injured at least 350. The quake rocked the densely populated island of Honsiu, causing many cracks to sway in Tokyo and led to a tidal wave alert along Honsiu's Pacific coastline.

Jaming writ

adup, the gaming division of bookmakers, has issued a £482,375 loan to the settle- ment of a gaming debt against Prince Tala Bin Abdulaziz al-

General Motors to expand

Ianus Twomey, reputed former head of the Provisional IRA, has agreed to stay on Merseyside and move into a new Hoyton, Liverpool plant. This will save 500 jobs. Back Page

RA man jailed

James Twomey, reputed former head of the Provisional IRA, has agreed to stay on Merseyside and move into a new Hoyton, Liverpool plant. This will save 500 jobs. Back Page

occer ban

John Johnston, Scottish World Cup player who took a ban from internationals for one year by FA, the world ruling body, has been banned from internationals for life for the same offence.

moco protest

Government suffered another defeat in Scotland when in the Lords when by majority of 28 (74-48), peers approved a Conservative amendment stopping the proposed Constitutional Assembly making grants to buy works for art galleries.

attendant who was mauled by a tiger at Longleat safari park is said to be "comfortable" in hospital after being found in a field near Chesterfield, Derbyshire.

He who raped a 10-year-old girl hours after being released from prison was jailed for eight years by Exeter Crown Court.

Creusot-Loire, the heavy engineering arm of Empain Schneider, has announced a new consolidated group loss of FF 222m (£26.5m) last year, a tenfold increase on the previous year's shortfall. Page 37

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Rockware ..... 145 + 7

Royal Insurance ..... 363 + 10

Sears' Hides ..... 230 + 5

Tate and Lyle ..... 174 + 6

Trust House Forte ..... 218 + 11

Turner's Newall ..... 178 + 5

Ulster TV ..... 68 + 9

United Discount ..... 325 + 15

Anglo Ult. Devs ..... 186 + 22

Charles Connors ..... 143x3 + 4

Carling Birotto ..... 238 + 8

Carriageway ..... 110 + 6

Coopers and Lybrand ..... 216 + 5

MM Hides ..... 141 + 11

North Broken Hill ..... 266 + 5

Prudential ..... 233 + 9

Robert Siddeley ..... 226 + 4

Spencer ..... 64x3 + 10

Unilever ..... 109x3 + 8

Wetherby ..... 160 + 3

Ward Technology ..... 133 + 7

Water Bros ..... 117 + 5

Watson's ..... 266 + 5

Wimpey ..... 223 + 7

Wright & Wilson ..... 157 + 7

Woolworths ..... 265 + 4

Yates ..... 148 + 12

Yards Bank ..... 221 + 7

Yorks (J) ..... 158 + 4

Zand Bank ..... 250 + 16

Zincare ..... 160 + 4

Zincarco ..... 204 + 3

Zincalloy Equipment ..... 132x2 + 6

### BUSINESS

Sterling jumps;  
Gilt active

STERLING improved strongly, closing 112 points up at \$1.8288. The pound's trade-weighted index rose to 61.5 (61.3) and the dollar's depreciation widened to 5.8 (5.5) per cent.

GOLD closed \$1 down at \$181.1.

WALL STREET was up 0.78 at \$80.01 near the close.

GILTS dominated markets, investors encouraged by the Government's tightening of credit controls. The Government Securities Index closed 6.53 up at 70.79.

EQUITIES improved as the new Account got under way. The

FT Industrial Ordinary Index closed 5.3 up at 472.2.

LEYLAND toolmakers called out more than 2,000 workers for an unofficial one-day strike and urged colleagues to avoid union subscriptions. It had intended to embark on a strike over regrading rights.

Whitehall questioned the degree of assurance claimed by Mr. Hattersley in view of the usual

Parliament Page 13

Continued on Back Page

Spending on defence

OFFER of £5m in government grants has persuaded Lucas Aerospace to stay on Merseyside and move into a new Hoyton, Liverpool plant. This will save 500 jobs. Back Page

General Motors to expand

GENERAL MOTORS, the biggest automotive manufacturer in North America, plans a new £15m seat belt unit at Dundonald, near Belfast, and an £11.5m plant for automatic gearshifters—possibly in the U.K. Back Page

LITTLEWOODS, Britain's largest privately-owned retailer, announced a £20m expansion programme for next year, which will result in 1,800 new jobs. Page 10

NALGO president has accused the Government of "gross interference" in current wage talks for local government officers on the eve of its annual Brighton conference. Page 14

PLAN to revitalise London dockslands with the creation of a 300-acre free trade zone for manufacturing exports will be studied by the GLC on Wednesday. Page 6

LICENSING of professional engineers should become statutory but remain the responsibility of the Council of Engineering Institutions. The CEI has urged. Page 10

COMPANIES

HILL SAMUEL GROUP net profit for the year ended March 31 was £6.81m, compared with £7.53m the previous year. Page 32

ASSOCIATED British Foods pretax profit dropped 3.4 per cent to £77.62m in the year to April 1. Page 32

VALOR COMPANY, heating and cooking appliance maker, with turnover up from £30.65m to £37.55m, saw taxable profit rise from £1.07m to £1.85m in the year to March 31.

CREUSOT-LOIRE, the heavy engineering arm of Empain Schneider, has announced a net consolidated group loss of FF 222m (£26.5m) last year, a tenfold increase on the previous year's shortfall. Page 37

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Zinc

## EUROPEAN NEWS

**Schmidt's currency zone backed by Austrians and Swiss**

By JONATHAN CARR

**CHANCELLOR** Helmut Schmidt has received encouragement from Switzerland and Austria for his idea of a wider zone of currency stability in Europe, according to Government sources here today.

As a result it is felt that Herr Schmidt will be able to enter the European Council meeting and the western economic summit conference, both in West Germany next month, with his position further strengthened.

Support for the currency idea came at a meeting in Salzburg this weekend between Herr Hans Mattheuer, the West German Finance Minister, and his Austrian and Swiss counterparts.

The Austrians are already closely linked to the European currency snake, although not members of it formally. The Swiss say they are ready to co-operate in a widened currency zone, while stressing the importance of economic discipline if such a zone is to be maintained.

Neither Switzerland nor Austria will be taking part in discussions on the European Council since day between Herr Schmidt and neither is a member of the European Community, nor will Prime Minister.

**German employers and unions reopen dialogue**

By ADRIAN DICKS

**WEST GERMANY'S** trade union BDA is challenging the Act on movement and employers' federal government have begun a cautious attempt to ease the mistrust between them that has placed a property.

Official social contract for there could be no question of

Herr Heinrich-Oskar Vetter, president of the Deutsche Gewerkschaftsbund (DGB), the counterpart in the British TUC, met Herr Otto Esser of the Bundesvereinigung der Deutschen Arbeitgeberverbände (BDVA) in Düsseldorf today. It was the first time the two men had met since Herr Esser succeeded the murdered Dr. Hans-Martin Schleyer several months ago.

Relations between the two sides of industry have been poor ever since the employers brought a lawsuit in the Federal Constitutional Court a year ago against the hard-fought workers' co-determination (Mitbestimmung) Act, which comes into full force on July 1. Herr Esser announced before today's meeting that there could be no question of withdrawing the suit in which the

**Poll backs Italian security measures**

By Paul Betts

**ROME**, June 12. ITALY'S MAIN political forces from the ruling Christian Democrats to the Communists, appeared tonight to have beaten back an attempt to water down existing law and order provisions and remove sizeable state subsidies to political parties.

The challenge in the form of two popular referenda—voting for which ended at 2 pm this afternoon—was initiated by the small left-wing Radical Party, which campaigned for the repeal of both the existing law and order legislation (the so-called Legge Reale) and of the public financing of political parties.

The actual issues were not considered to be serious by the main political forces, but the essentially unified if low-key campaign demonstrated yet again that the present unique governing alliance involving mainly the Christian Democrats, the Communists and the Socialists, appears to have held substantially so far.

However, although the principal parties supporting the minority Christian Democrat government represent on the basis of the general election about 90 per cent of the electorate, and these parties campaigned in unison, it is already evident that many of their supporters went against party recommendations to vote against the repeal of the public financing of political parties.

Final results will not be known until tomorrow morning, but provisional results indicated that the Radical Party proposals would be defeated.

**French move on EEC shipping**

By Margaret van Hattem

**LUXEMBOURG**, June 12. FRANCE TONIGHT tried to block EEC attempts to establish a system to monitor shipping movements and the undercutting of freight rates in EEC ports.

Britain, supported by West Germany, the Netherlands and Denmark, argued at the EEC Council of Transport Ministers meeting here for immediate action to counter the growing threat of Soviet dominance in world shipping. Mr. Stanley Clinton Davis, the UK Under-Secretary of State for Trade, said failure to act now would merely substantiate Soviet suggestions that the EEC was impotent.

The main exporter, agriculture, brought

about 1.3m in

1977, but nearly half of it came from Turkey—in Turkish lira.

Tourism brought in an estimated \$5m—again nearly all in Turkish lira, and most of it applied to importing consumer goods.

The Minister of Industry and Public Enterprises, Mr. Tansel Fikri, a former economics lecturer at Sheffield University

says that the inflation rate is bearable because of the momentum it creates for commerce. He also considers himself that it is less than the Turkish mainland rate, though depressing compared with the 7 per cent rate on the Greek side of the island, which is enjoying a 5 per cent growth rate.

Peeping over the military line at how the neighbouring Greek-Cypriots are getting on is a permanent pastime in the Turkish sector of Cyprus. Keeping up with the Papadopoulos, one might call it. The latest Turkish Cypriot assessment of their own economy states bluntly: "The economic rift between the two regions is widening." This, it says, means that the potential for integration between the two communities is being reduced.

The Turks point enviously to the foreign aid and credits, which now all go to the internationally recognised official Government of the island—the Greek one. They say the Greeks have had \$600m of foreign aid in the past three years, which works out at about \$12,000 a head. On top of this, all United Nations technical aid is available only to the recognised Government.

The Turkish Cypriots must shift for themselves in trying to cope, for example, with their problem of excess money supply without benefit of a central bank. UN monetary experts are available to advise the Greeks.

By way of foreign aid the Turkish Cypriots receive a grant-in-aid from Turkey worth about \$12.5m a year, which is similar to what the Turkish community used to receive during the years when it lived in segregated enclaves in an island that was in practice controlled by Greeks, though theoretically by the two communities. In its enclaves, the Turkish Cypriots, a minority lived, says Mr. Fikri, "as a consumer society," for a period of some 11 years, which did nothing to enhance its entrepreneurial and other skills.

Now that they have to apply the same \$12m to their development projects, the Turkish Cypriots find themselves very short of qualified managers to use what little money they have.

Their unemployment is estimated at about 7 per cent, but it is mainly structural. They are short of people to handle their tourist industry, such as it is, even though at this stage the tourists are almost entirely mainland Turks. The international airlines may not fly into the Turkish Cypriot airport at Ercan, near Nicosia, because of the unresolved political dispute. ("They stole our airport," say the Greeks. "We built our own," say the Turks.)

They would like to shift manpower from an overpopulated civil service to the money-earning part of the economy. They have to import seasonal migrant labour from mainland Turkey to harvest the citrus and other crops.

The high rate of inflation gets ahead of wage increases, and there are frequent strikes.

"When we were fighting together we paid all civil servants £30 a month and nobody complained about their pay," says Mr. Fikri ruefully. "But now of course

they are fighting each other."

Like occasionally missing the last train home.

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**Bonn releases \$200m Portugal loan**

By FRANCIS GHILES

**WEST GERMANY** has now made available to the Portuguese central bank the DM 420m (\$200m) it had agreed to contribute to a four-year grace period. The \$750m Western aid package to Portugal arranged in Paris last September. The maturity of this loan—90 per cent of which is guaranteed by the Federal Government—is ten years but the interest rate, which is fixed, is not known.

The borrower will pay a spread of one per cent over the interbank rate for seven years.

Other Western countries, such as Switzerland and the United Kingdom, but also Venezuela, have already made their contributions available to Portugal.

In addition to this package,

the \$75m to the International Monetary Fund is prepared to lend international banks have agreed to raise about \$500m for Portugal.

A first medium-term loan amounting to \$150m is currently being arranged; joint lead managers will be Westdeutsche Landesbank and Commerzbank.

A string of French, Swiss and British banks is expected to participate in the management group.

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The country's last line of defence against total bankruptcy.

Last year, for example, Bank of Portugal was forced to sell 45.2 tons of gold in settlement of debts to the U.S. Stabilisation Fund.

"I know of a number of foreign farmers who would like to invest in land in Portugal, and who are prepared to make a positive contribution towards reviving agriculture in this country, but they have to be convinced that Portugal is not a country of robbers," Mrs. Edmann said.

In April a personal letter was sent to the Prime Minister, Sr. Mario Soares. The letter was answered within days by a clerk at the Prime Minister's office, who simply said that the matter of negotiations over the four-round of offshore exploration licences, Mr. Bischoff, Gjerd the Norwegian Oil and Energy Minister said in London yesterday.

Mr. Gjerd to-day meets Mr. Anthony Wedgwood Benn, the Energy Secretary for a series of six-month talks on the possibilities for exploration in the development.

North Sea oil and gas resources are exposed to ensure that the need for British supplies of offshore equipment to obtain "full and fair" opportunity bid for work on the Norwegian continental shelf. The two sides have now had several meetings on this topic, but with little result to date.

Other major topics on the agenda for the two energy ministers will be: cooperation, contingency planning for contingencies and general safety in the North Sea, protection treaties to decide the unitisation of the Staffs and Marsh Fields (which straddles the median line between the UK and Norwegian sectors) and possible joint action to build a gathering pipeline system.

The two sides are thought to agree in principle on what efforts the North Sea operators should make to prepare for North Sea emergencies. Both governments have been deeply influenced by the Ekofisk Bravo blow-out last year.

The Norwegian Parliament to debate a report on this subject later this year. It has been holding up any progress on exploration north of the 62° parallel.

The Norwegian Government anxious to speed up the development of oil and gas resources because of the flagging economy. But Mr. Gjerd said yesterday that the earliest drilling could now begin would be 1980.

Fifteen blocks are being offered in the fourth round at least half of these could be allocated by the end of the year, said Mr. Gjerd. The object of the round is to speed up exploitation of oil and gas reserves to discover more about the potential of blocks in the areas of the Staffs Field (the biggest find in the North Sea and to improve employment in the engineering industry).

Mr. Gjerd said Norway was looking for oil companies "with interesting investment project to offer." We would prefer company that would be active in the industrial field. That would be a credit in the negotiation.

Any progress on a joint gas gathering pipeline between the UK and Norway will depend on the first results of fourth-round exploration drilling, said Mr. Gjerd.

**Norwegian offer to foreign oil companies**

By Kevin Dore

OIL COMPANIES prepared to take an active role in the industrial development of Norway will receive favourable treatment in negotiations over the four-round of offshore exploration licences, Mr. Bischoff, Gjerd the Norwegian Oil and Energy Minister said in London yesterday.

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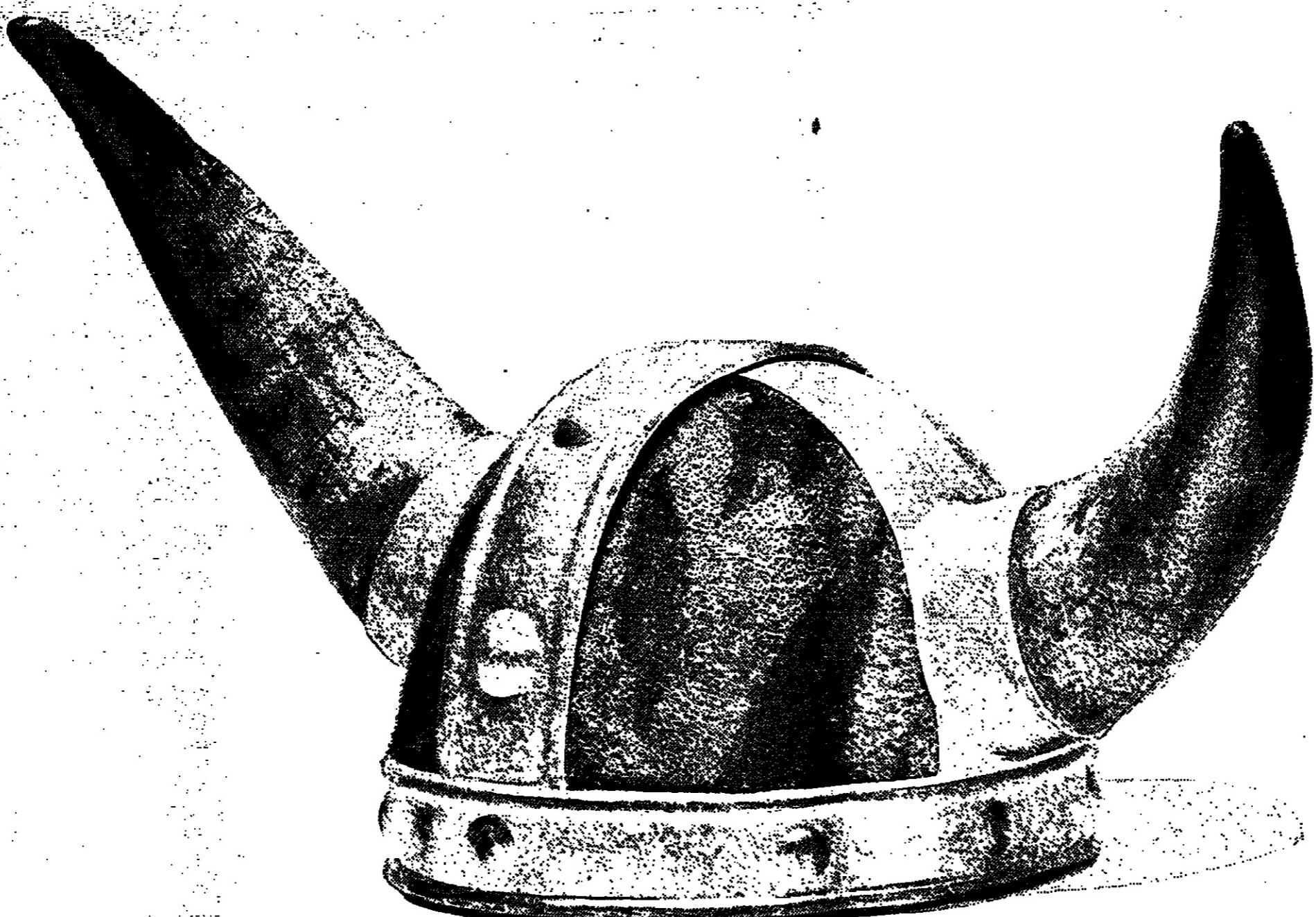
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SIMAIR

## AMERICAN NEWS

# Pentagon reconsiders case for land-based missile

BY DAVID BELL

DEFENCE planners are beginning to have second thoughts about the new land-based mobile missile which is currently being planned to be the key element of the U.S. nuclear deterrent from the mid-1980s west.

For some years the Pentagon has been working on a new missile known as missile experimental, or MX, which would replace the ageing Minuteman missiles which are scattered across the great plains in fixed silos. The MX, by contrast, would be movable and could travel up and down a 30-mile trench in order to evade incoming Soviet weapons.

But, according to evidence given in secret to the Senate Armed Services Committee, and obtained by the New York Times, the Defence Department is no longer as enthusiastic about the missile as it once was. Officials are now increasingly worried that a carefully planned Soviet attack might cripple the missile's mobility by knocking out the trenches or the tunnels from which the MX would emerge.

The Pentagon is also worried by the high cost of the MX programme, now estimated to be in the region of some \$30bn and it anticipates strong objections

WASHINGTON, June 12.

to the whole concept from environmentalists who are expected to argue that it is unacceptable for a series of trenches to be dug across wilderness areas of the south and mid-west.

However it appears that the Administration has no immediate alternative in mind for the MX. This will not please many Senators whose current reservations about the wisdom of a new strategic arms agreement have been somewhat assuaged by the existence of the MX. It has been accepted from the start that no SALT treaty would stand much of a chance in the Senate if the MX were included in it.

Two weeks ago, Mr. Andrei Gromyko, the Soviet Foreign Minister, called on the Administration to suspend further development of all new missile systems and included the MX in his list of systems. This, in turn, prompted President Carter to tell the Russians that the U.S. was not prepared to make any more concessions and that the Soviet Union could "take it or leave it". Mr. Carter later angrily told the SALT talks.

These new doubts about the MX, which have been heard privately in some quarters for a

## Multinational companies assessed by Brookings

WASHINGTON, June 12. MULTINATIONAL INSTITUTIONS contribute modestly to international monetary stability, promote economic development through the injection of new resources into the developing world and in general support a responsible foreign policy, a study published by Brookings Institution said.

But the study found that foreign investment appears to increase the companies' market power within the U.S. The study, prepared by Mr. C. Fred Bergsten, Mr. Thomas Horsky and Mr. Theodore Moran while they were at Brookings, before entering the Carter administration, was aimed at providing a basis for U.S. policy towards the multinationals.

The Brookings study said extractive companies with equity investments in natural resources find it difficult to support the national interest of the U.S. as an importing country difficult to maximise output and difficult to diversify geographically.

The study said multinationals confer world economic benefits by shifting the location of production to comparative advantage. But it found tax revenues are lost to the U.S. because companies, within limits, can arbitrarily allocate costs between home and host countries.

The study said U.S. policy should be neutral towards the multinationals, neither encouraging nor discouraging them, although this neutrality should not mean non-involvement.

The authors said the U.S. must provide the proper economic and political environment for the multinationals, and protect U.S. national interests from the adverse impact of other countries' policies.

The study suggested there should be policy initiatives in taxation of foreign income, compensation for works, arms or communities hit by foreign investment, antitrust, insurance and guarantees to the overseas private investment Corp. (OPIC), host-country expropriation and investment in the Soviet Union.

## UAE surplus

OIL EXPORTS from the United Arab Emirates last year were worth more than twice as much as imports, even though imports increased by 28 per cent to \$4.3bn on the year.

Oil exports were worth \$5.8bn.

## Saudi mapping work

Fairey Surveys has been awarded a mapping contract worth £1.23m from Saudi Arabia for the production of 150 different map sheets in a 1:50,000 scale covering an area of about 110,000 sq km of the south Shunash region, for the Ministry of Petroleum and Mineral Resources.

## Shadow on Carey's campaign

BY JOHN WYLES

THE START of Governor Hugh Carey of New York's campaign for re-election in November was badly and unexpectedly tarnished this morning by an announcement by his deputy, Lieutenant Governor Mary Anne Krupskak that she would not run for office with the 59 year old Brooklyn politician.

Miss Krupskak's decision, which she had agreed some months ago, could make the governor's personality an important election issue alongside his support for legalised abortion and his hostility to the re-introduction of capital punishment.

Mr. Carey's preference for isolated decision making and his sometimes abrasive treatment of colleagues had drawn increasing criticism from friends and enemies alike.

Miss Krupskak has complained that she and the governor lack a "shared commitment" and that Mr. Carey has not spent enough time listening to the people.

WASHINGTON, June 12.

## China's problems in clothing the millions

By John Hoffman

PEKING, June 12. CHINA'S Mao-suited millions have made an industry out of fashion. Almost every man and woman wears identical baggy trousers and a shapeless jacket buttoned to its narrow collar, all made from the dark blue-grey or jungle-green fabric extruded by the millions of mills from the country's cotton mills.

Clothes make the man an endless repetition of himself. Class differences in this not-quite egalitarian society can be discerned only by careful examination of the tailoring which smartens the garments of the wealthy or privileged.

The sartorial sameness of this civilian uniform has its advantages. The Mao suit adapts easily to the rice paddy, the shop counter, the office desk or the banquet table. What to wear is never a problem—much less, one suspects, a consideration.

In practice, the Pentagon argues that the debate about the land-based missiles is less urgent for the United States than it is for the Soviet Union.

About 25 per cent of the U.S. nuclear deterrent is land-based. The rest is at sea or in the air.

The Soviet Union has about 75 per cent of its nuclear forces on

## California tax cuts will increase federal revenue

BY JUREK MARTIN

WASHINGTON, June 12.

AS GOVERNOR Jerry Brown and the California state legislature continue to grapple with the budgetary problems brought on by last week's State-wide vote cutting property taxes, increasing attention is being focussed on Government workers laid off work because of the impact it may have on the Federal Government in Washington.

If local authorities cannot match federal aid, then the choice lies between reducing the assorted programmes or Washington taking a greater share of the load. This may well have the effect of cancelling out the original addition to the Treasury's revenues as a result of the reduction in local property taxes.

In his first direct public comments on the Californian vote, President Carter said in an interview released over the weekend that he hoped the tax cuts would persuade Congress to support his own tax cutting and spending limitation proposals.

But he reflected the underlying concern at the federal level by adding that while the vote "was a very good thing for property owners who are economically able to take care of their own needs," less fortunate members of society more dependent on government services could well suffer. He said he would have been "concerned" had a similar initiative passed while he had been Governor of Georgia.

For example, the federal government currently supplies the State of California with over \$4bn in the form of grants-in-aid which require the State to put up matching funds. These

of some consolation to the federal government is the fact that so far no other state appears to follow California's example.

## Castro statement on Zaire weakens Carter's position

BY OUR OWN CORRESPONDENT WASHINGTON, June 12.

THE CARTER Administration's further, a briefing for members of the Senate Foreign Relations Committee on Friday assisted the Katangan troops who invaded Zaire last month has not been helped by the disclosure that President Fidel Castro, the Cuban leader, told the White House early in May that he had tried to stop the invasion.

His message was relayed to the President by Mr. Lyles Lane, the chief U.S. diplomat in Havana on May 17. The Cuban leader told Mr. Lane that he had tried to reach President Agostino Neto, the Angolan leader, to ask him to halt the invasion, but that he had not succeeded perhaps because Mr. Neto had been ill in Moscow and out of Angola just before the attack.

A week after President Castro's message, President Carter held a news conference that "we believe that Cuba had known the Katangan plan to invade Shaba province and obviously did nothing to restrain them from crossing the border."

The Administration argues that it did not mention President Castro's warning because it did not believe a word of it but did not want to get into the position where it had publicly admitted to calling him a liar. Officials argue that it establishes beyond doubt that the Cuban Government did know that the raid was going to take place and there is at least prima facie evidence for the case that Cuban advisers were involved with the Katangan rebels.

NEW YORK, June 12.

MISS KRUPSKAK's defection cast something of a shadow over the governor's formal announcement of his candidacy this morning.

His campaign starts with his administration standing in low public regard according to recent opinion polls. But most observers believe that the governor's skill as a campaigner coupled with the tactics of his media consultant, Mr. David Garth, will ultimately make him a hard act to beat. His Republican opponent, Mr. Peter Blatt, the minority leader in the state assembly, looks set to run a classically conservative campaign whose emphasis will be on restoring the death penalty for various categories of murder, and the failure of Governor Carey's administration to achieve true state whose economic problems are still dominated by an unemployment rate well above the national average and by the well publicised financial problems of

## WORLD TRADE NEWS

## London considers free zone area in dockland

BY LYNTON MCLEAN

A PLAN to revitalise London docklands with the creation of a 300-acre free trade zone for manufacturing exports will be considered by the Greater London Council on Wednesday.

The scheme is likely to be of interest to British and foreign companies making products with a high duty content. These include tobacco products, food and drink, radios, televisions, cameras, chemicals and electrical machinery.

The report proposes a phased programme expanding in 50 acre stages to 300 acres by the end of 1980.

The plan was prepared by the controller for planning and transportation in the GLC. Miss Roberts will discuss the idea in New York at the end of the month when the World Trade Centre in London and detailed planning up to 1980 is under way.

Companies would be encouraged to process raw materials which would be imported duty-free provided they remained within the zone.

Finished products would have to be exported or be subject to normal customs duty.

The GLC said the meeting of the Planning and Communications

## Saudis ban another 91 companies

RIYADH, June 12.

SAUDI ARABIA has banned dealing with 91 companies from 18 countries for contravening the Arab boycott of Israeli regulations, writes our correspondent. A decree by the Ministry of Commerce which listed the companies was published in the official gazette. The decree also reminded businesses that the ban on dealing with Israeli-owned ships is not automatically lifted if these ships are sold to third parties.

It also added the names of 22 ships from nine countries to the boycott list.

## Arab-U.S. flight service

By Ram G. Khouri

AMMAN, June 12. EFFORTS to establish more direct flights between various Arab capitals and New York City are now being directed at receiving American permission for the Lebanese and Kuwait national airlines to join the Jordanian and Syrian carriers in expanding the existing Amman-New York twice-weekly service.

Senior officials of the Jordanian airline Alia have told the Financial Times that the Arab air carriers organisation has decided to send two delegations to Washington next week to seek approval from the American Civil Aviation Board for Kuwait Airways and Middle East Airlines to join the consortium which now includes Alia and Syrian Arab Airways. The plan is to increase the Amman-New York non-stop service using Boeing 747 jumbo jets to four times a week with Middle East Airways and Kuwait Airways running their own planes through Amman before making the flight to New York.

The two-man delegation will be composed of the Alia chairman and the secretary-general of the Arab air carriers organisation.

It is hoped that this expansion of the Jordanian-Syrian consortium will be followed by further expansion bringing the Saudi Arabian airline and Gulf Air into the scheme, Alia officials said.

They add that a similar arrangement may be attempted with Alia's recently acquired rights to fly into South America via West Africa, a route which is now receiving top priority since Alia's request to obtain rights to extend its New York service to San Francisco have been turned down.

## State backing for Danish shipyard orders

By Hilary Barnes

COPENHAGEN, June 12. THE DANISH Government has agreed to provide a state guarantee worth Dkr 150m (£12m) to cover an order from the Sudan for two ships from the Burmeister and Wain shipyard in Copenhagen. The Government will also provide Dkr 20m in the form of a grant to the Sudan to cover part of the price of the vessels. This limits the shipyards risk to ten per cent of the purchase price.

The craft on order are two so-called multi-hull ships of about 12,500 dwt each. The Government decision breaks new ground, because the credit guarantee will be given after the Export Credit Guarantee Department had refused a guarantee.

The Danish Government has previously provided this kind of assistance to Danish shipyards, but Minister of Commerce, Mr. Noergaard, said that if other shipyards came to the Government with similar requests these would be duly considered.

## Germans to clear Suez

THE HAMBURG Salvage Company, Neptune Bergungsgesellschaft, has been contracted by the Egyptian Government to clear the two Suez Canal entrances of all remaining wrecks for the first time in nearly 20 years, reports AP from Hamburg.

A spokesman for Neptune, a subsidiary of the Swedish-British group, said the contract which it shares with Bugler Reederei of Hamburg was worth more than \$15m and involved clearing all sunken wrecks left over from the October 1973 Middle East War in the Suez and Port Said approaches to the Canal.

## Itoh wins contract

ITOH and Japan Radio have won a Y2.25bn contract to supply the Venetian Ministry of Transport and Communications with two coastal radio station systems, reports AP-DJ from Tokyo. One of the systems is made up of 12 long-distance communications stations, 30 substations, 30 mobile offshore stations and 30 mobile land stations and should be complete by April 1979.

The other is composed of nine unnamed stations to be built on the summits of mountains across the coast by October 1979.

## Hovermarine order

THE CITY of Tacoma in the U.S. state of Washington has ordered two high-speed rigid side-skirt hovercraft from Hovermarine of Southampton to be used as multi-purpose ferries which will also carry sophisticated fire fighting equipment.

The order is worth over \$15m, which brings the value of Hovermarine export orders over the past month to more than \$100m. The Tacoma order is based on a new 70 ft Hovermarine design and for this particular requirement will need a crew of only two with all five fighting equipment controlled remotely.

## Pertamina production accords

## Ruhrgas signs supply agreements with Sweden

BY ADRIAN DICKS

RUHRGAS, West Germany's grid of natural gas pipelines, biggest natural gas distributor, and thus to the growing West European network.

Deliveries to Swedegas are to begin in 1981 and will be stepped up over three years to the full rate of 1.2bn cubic metres a year. Ruhrgas is unwilling to set a figure on the value of the contract, since it will be determined by the ruling natural gas price when deliveries begin.

According to the West German company, the natural gas supplied to Swedegas will be from several sources. Ruhrgas has for several years been diversifying its sources of supply, and these now include long-term contracts for deliveries of natural gas from Iran, the Soviet Union, Algeria and the Norwegian North Sea.

## Bombay high pipe complete

BY K. K. SHARMA

THE 203 kilometre dual pipeline from the Bombay High offshore oilfield to transport crude oil and natural gas to the shore has been completed successfully only six months after construction began.

The U.S. company, Brown and Root, with the assistance of the World Bank, which gave a loan of \$150m, was responsible for construction of the pipeline.

Bombay High is producing 5m tonnes of crude oil annually. This is expected to reach 8m tonnes by the end of this year and 10m tonnes by 1980. Until the pipeline was commissioned, the crude was being stored in a large tanker and being transported ashore in smaller tankers.

The main saving will be in fuel for power stations and as feedstock for fertiliser and petrochemicals plants in the Bombay area.

• The Government-owned Bharat Heavy Electricals Company (BHEL) has launched an expansion programme which aims at doubling its turnover to Rs10bn within five years.

This will make the company one of the largest electrical equipment manufacturers in the world. BHEL has already established an international reputation for itself by winning a number of turnkey contracts for U.S. for boilers.

## Swiss drug exports up

SWISS exports of pharmaceuticals rose 32 per cent to \$wFr 862m in the first quarter this year from \$wFr 654m in the same period a year ago, AP-DJ reports from Basle. The pharmaceuticals exported in the first quarter this year represent 3.6 per cent of total Swiss exports, compared with 3.5 per cent a year earlier.

The signing marked the third and fourth contracts of this kind in less than a year, the first two, having been signed by Continental Oil (Conoco) and Total Indonesian for work in Irian Jaya last year.

Reuter

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## HOME NEWS

## Lloyd's syndicates plan action against Oceanus

BY JOHN MOORE

SEVERAL Lloyd's of London syndicates, led by H. G. Chester, are planning to launch legal action against Oceanus Mutual Underwriting Association, a Bermuda-based insurance concern, over the alleged non-payment of claims.

The dispute arises from a reinsurance package which C. E. Heath, Lloyd's brokers, arranged with Oceanus for the syndicates after they had insured containers for CTTI, a New York container group.

The claims, which have been mounting against Oceanus since mid-1977, have been

resisted on the grounds of non-disclosure, a conclusion which Oceanus came to after investigation.

Oceanus formally gave notice of avoidance of the claims eight weeks ago to Elbowe Mitchell, the Lloyd's syndicates' solicitors, and is expected to make a further statement this week.

Early estimates of possible claims which could arise against Oceanus under the terms of reinsurance are pitched in excess of \$15m, but precise figures have not been calculated.

## Race Commission call for ethnic lists

BY DAVID CHURCHILL

CONTROVERSIAL PROPOSALS for employers to compile confidential records of the ethnic origins of employees were put forward yesterday by the Commission for Racial Equality.

The commission, set up under the 1976 Race Relations Act to monitor progress of race relations, believes that record-keeping will help employers to ensure they are within the law.

The proposal to establish records is likely to face heavy criticism for allegedly creating positive discrimination in favour of coloured workers.

The commission said: "There can be no valid objection if they are used in an equal opportunity programme which has been clearly explained to employees and job applicants."

The Government is consider-

ing whether to introduce such records into the Civil Service and nationalised industries.

Details of the commission's proposals are in a booklet published yesterday giving guidelines to employers on equal opportunities at work.

It also published a booklet urging local authorities to implement in full the 1976 Act under which authorities have a statutory duty to eliminate racial discrimination.

Referring to the weekend attacks on Bengalis in the Brick Lane area of the East End, Mr. David Lane, the commission chairman, said he was "appalled by the continuing outbreaks of racial violence". Those responsible "must be dealt with very firmly by the police and by the courts, as were the white thugs of Notting Hill in 1968."

## Hambro Life will back 'pocket typewriter'

BY ANDREW TAYLOR

HAMBRO Life Assurance is to provide financial backing for a pocket-sized "typewriter" — the invention of Mr. Cy Endfield, an American film director who is based in Britain.

Hambro Life has agreed to take a 25 per cent equity stake in a new business to be incorporated to manufacture Mr. Endfield's "microwriter".

Mr. Weinberg, managing director of Hambro Life, said yesterday that he did not envisage that the initial investment would cost more than £1m.

He said: "We do not have the tools." The microwriter could have important implications for the business of storing, retrieving and

communicating information, all of which is vital to the running of Hambro's existing life assurance business.

Hambro Life has agreed to take a 25 per cent equity stake in a new business to be incorporated to manufacture Mr. Endfield's "microwriter".

To date the cost of developing the microwriter has been met entirely by Mr. Endfield who, among other films, co-directed and wrote the British box office success *Zulu*.

The microwriter, which is similar in size and appearance to a medium-sized pocket calculator, has only five keys but incorporates all the features of an ordinary typewriter — with the operator pressing keys in various combinations to produce different letters and responses.

## HOME CONTRACTS

## Scots regions order computers

COMPUTER ORDERS totalling more than £5m have been placed by Lothian, Fife, Tayside, Grampian, Highland, and Dumfries and Galloway regional councils, and by the three regional government departments.

for house modernisation. Worth about £2.5m, the contracts are for the modernisation of premises at Greenlaw, Kirkcaldy, Coatbridge, which includes plumbing, electrical wiring, installation of central heating and repair and redecorating.

LAING SCOTLAND has won two contracts for the supply and installation of sterilisers for the Weston Morley Neurological Hospital, Wimbledon.

UMPIRE'S AND GLASGOW has been awarded two contracts by the Monklands District Council at Hamilton, Strathclyde, work

## New cement price structure urged

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THE Price Commission yesterday called for a fundamental change in the cement industry's pricing structure. Prices in the long term should, it said, be geared to reflect more accurately the different costs of manufacturing and distribution.

As a first step it recommended that there should be no further increase in the prices charged to customers who collect their cement from "base points" but that prices charged to other customers should be allowed to go up by amounts originally proposed by the cement manufacturers.

The manufacturers, who are among the few companies still allowed to operate a common pricing agreement, told the commission in January that they wanted to increase the prices of most cements by 10 per cent and those of certain special cements by 9.21 per cent.

The commission decided to investigate the notification submitted by Associated Portland Cement Manufacturers, the biggest of the manufacturers. An interim increase of 7.09 per cent was allowed while the inquiry took place.

In its report published yesterday, the commission gave its final counsel for the proposed increase of 9.21 per cent on APCM's special cements. It also gave the company the go-ahead to raise the prices of its other cements, like ordinary Portland, by 10 per cent.

The only exception was cement collected from the company's main premises or delivered within a five mile radius of a plant. Price increases for cement sold in this way, it said, should be restricted to the 7.09 level allowed under the safeguard provisions earlier in the year.

This would go some way to reducing what the commission regarded as the unacceptable gap between the prices charged to customers situated far from the

## Coal Board plans hit by delay over orders

Financial Times Reporter

THE MARKETING plans of the National Coal Board are facing severe difficulties because of the reluctance of its main customer, the electricity supply industry, to increase its coal purchases.

Senior officials of the Coal Board privately concede that it is unlikely that the electricity industry will take much more than 70m tonnes of coal over the next 10 years and may take less.

The price and grade structure, it maintained, should be revised to reflect more closely the cost of manufacturing different qualities of cement and customers should be offered a wider range of choice than at present.

The resulting cross-subsidisation, it said, limited the pressure from other suppliers of transport point prices and transport charges did not reflect actual costs at works and depots.

The present price structure did not encourage a transfer of sales from high-to low-cost plants.

The Blue Circle Group, which owns APCM, has given the Department of Prices an undertaking to hold the price of ordinary Portland cement supplied in bulk at the level recommended by the commission. The company, however, yesterday rejected some of the commission's comments.

The commission did not think it was its job to make any recommendations about the cement

## World black market in Land-Rovers, says TV programme

FINANCIAL TIMES REPORTER

ALLEGATIONS OF a worldwide black market in British Leyland's coveted Land-Rover and Range Rover models will be made tonight on Thames Television's This Week programme.

The programme claims that several Leyland distributors and dealers, at home and overseas, have been involved in deals which cut across Leyland's normal franchising arrangements.

Mr. Jack Reardon, a former director of Leyland International, who is taking over as head of sales at the newly-formed Land-Rover and Range Rover company, says Leyland has conducted a detailed inquiry into the allegations.

"Whenever there is a shortage of any good commodity or any good product, a black market will invariably develop."

Mr. Reardon also admits that Leyland has reprimanded one of its Middle East dealers for trying to sell his allocation of vehicles outside his own territory by paying over the odds.

The programme also suggests that this process could lead to disenchantment with the product and give Leyland's competitors the opportunity to enter the market.

## Measuring rain with radar

Radar can provide a more effective and less expensive means of measuring rainfall over a wide area than the traditional rain-gauge methods, according to a report published yesterday.

It is based on a study which involved the Meteorological Office, the Central Water Planning Unit, the Department of the Environment, the Water Research Centre, Plessey Radar, and the Welsh Water Authority.

## UN official praises Windscale report

BY DAVID FISHLOCK, SCIENCE EDITOR

A SENIOR United Nations official, in London yesterday to help in joining with other developed nations to help the had already promised case counts.

Mr. Peter Shore, the Environment Secretary, on Britain's participation in a major environmental protection exercise, praised the Windscale Inquiry report as an exercise in assessing the new project's effects on the environment.

There has been "some relaxation" of international efforts in enacting anti-pollution legislation, and in finding funds for environmental protection.

Mr. Justice Parker's report was "definitely one of the best environmental impact assessments yet," said Dr. Mostafa Tolba, executive director of the UN Environment Programme.

"If you ask me, can you produce a better one, I would say so. We do not have the tools," said Dr. Tolba.

The microwriter, which is similar in size and appearance to a medium-sized pocket calculator, has only five keys but incorporates all the features of an ordinary typewriter — with the operator pressing keys in various combinations to produce different letters and responses.

Six or eight developed nations was still unsure on too many developed nations to help the had already promised case counts. For example, nuclear risks had been over-stressed and the costs of environmental protection.

Sweden was providing a study of its iron and steel industry, and Finland one of its paper and pulp industry.

The aim was to persuade the developing nations not simply to follow developed countries, but to plan for environmental protection from the outset.

It was his aim to persuade governments that there were tangible benefits to be obtained from expenditure on environmental protection, and he was softening help from some of them in trying to reach an agreed formula on how the benefits, as well as the costs, should be quantified.

But in spite of Britain's experience in the energy industry, Dr. Tolba did not think that this would be an area for UK collaboration, because Britain itself

# Keep it clean, fellas



"Yeah! You up in the corridors of power ready to sign that order for a new fork lift truck. Battery electrics rule—OK?"

"Alright, we know they cost more to buy. But who wants to drive a noisy engine-truck all day—exhaust fumes and all? Would you have one in your office?"

"It's the truck that needs to be tough, not the driver—and battery electrics are tougher than you think, especially with Chloride batteries fitted—OK?"

"So keep it clean, fellas."

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## HOME NEWS

## Harland in joint diesel venture

By Our Own Correspondent

A JOINT-VENTURE agreement between the State-owned Harland and Wolff shipyard, Belfast, and the West German engineering company MAN of Augsburg has been confirmed in Munich.

The new company, to be established as Harland-MAN, will be established to market a medium-speed diesel engine designed in Germany. It will be made under licence in Harland and Wolff's engine works.

Mr Don Concannon, Minister of State for Northern Ireland, said in Munich that the agreement would safeguard 400 jobs in the engine works.

The future of nearly 600 other skilled workers there is still uncertain. The labour force has fallen to 950 from 1,500 in 1976. Shutdowns are ordered because of the shipbuilding recession, may mean further redundancies.

The Northern Ireland Department of Commerce said that both parties to the agreement would invest substantial capital. The amounts were not specified.

Harland and Wolff will begin to haul up almost immediately in expectation of orders for the engine, which has both marine and land applications. It will augment the company's traditional output of slow-speed diesels and turbines.

Harland and Wolff, which has produced alternators and generators, may make complete generating sets incorporating the new engine.

Mr Concannon said: "The very success of this agreement and the spirit in which it has been concluded by both companies is of itself a fitting tribute to the benefits of collaborative effort, joint enterprise and investment opportunity between important sections of industry in our two countries."

The venture was found to be of real and lasting benefit to the prospects and prosperity of the two enterprises, he said.

The Department of Commerce, in conjunction with Harland and Wolff, would continue to look for ways of safeguarding employment in the engine works.

## Tanker disaster inquiry 'unfair,' says counsel

BY PAUL TAYLOR

THE OFFICIAL Liberian Board against anyone" but just to inquire into the Amoco Cadiz cover the facts.

London was attacked yesterday by Captain Pasquale Bardari, master of the Amoco Cadiz, to be released by the French investigating magistrate in Brest on Thursday and is expected to give evidence before the Board next Monday.

Mr Geoffrey Brice counsel for Astilleros Espanoles, launched the lengthy attack on procedures yesterday when the inquiry was reconvened.

In earlier hearings last month Astilleros Espanoles and its Spanish companies, which designed and built the Amoco Cadiz steering gear, had been criticised and it was only after the intervention of Sir Gordon Willmer, the board's chairman, that the company was legally represented.

### Injustice

Mr Brice said the company had not been invited to the inquiry, had not been told that it was likely to be criticised and had only recently received the transcript of the first six days of the hearings.

Unless the company were allowed an adjournment to study the evidence, "a grave injustice" might be done.

A summary of evidence expected from witnesses should be available to counsel. Most of the evidence this week will be technical. Yesterday Mr Derek Bailey, principal research officer at the British Ship Research Association, gave the Board the results of tests that there seemed to be a "misapprehension" about the purpose of the steering gear from the start of the inquiry. He said it was not Amoco Milford Haven, sister being held to "make a case ship to the Amoco Cadiz.

## £45,000 'missing'

POLICE CONFIRMED yesterday any person presently living. Our that £45,000 has been taken in inquiries show that there can be property from the books of the no charges against anyone. Chorley Permanent Building. The police inquiries started earlier this year. Following the death last June of one of the society's former secretary, Mr John Neill, his son Neil building society has lost money. succeeded him, but it now seems it would appear to have been improperly removed. There is no permanent will be taken over by evidence nor any suggestion of one of the larger building anything untoward in relation to societies in the area.

## Schools voucher trial proposed in Kent

By Michael Dixon,  
Education Correspondent

EXPERIMENTS with giving parents educational vouchers to "cash" at the schools of their choice were recommended yesterday to Kent County Council by a committee of education commissioners in Maidstone.

Provided the £250,000-£500,000 cost can be found from outside the normal education budget, the council seems bound to support the recommendation at its next meeting on July 20.

The Conservative Party has called for trials with voucher schemes as a possible means of increasing parental choice of education, and the Kent Council has a 10-to-one Tory majority.

However, a two-year study in the country showed that while parents were largely in favour of the idea, most teachers were hostile, and that voucher schemes would be difficult and costly to administer.

Society Today Page 31

## Appeal for £1m launched to save theatre

Financial Times Reporter

AN APPEAL for £1m from industry and the public towards the cost of refurbishing the Palace Theatre, Manchester, and establishing it as the base in the city for touring companies was launched yesterday.

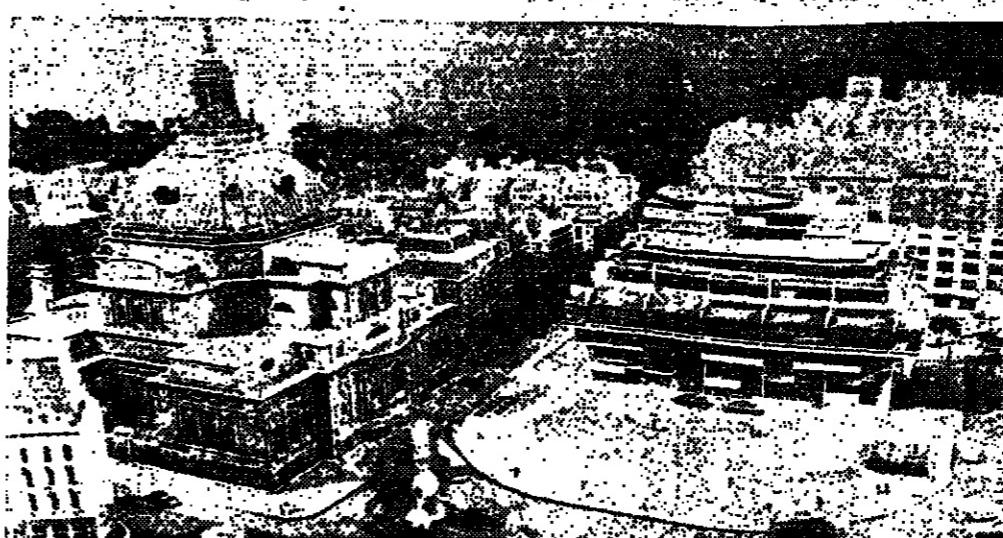
The Palace, formerly owned by Moss Empires and threatened for some time with closure, was acquired this year by the building group Narvert. Holst and given to a trust set up to run it.

The full cost of renovating the theatre has been estimated by consultants at £1.5m. Greater Manchester Council has indicated that it will make £150,000 available and the Arts Council has said it will give £175,000.

Manchester City Council has also been approached for a substantial contribution.

## Visit by N-ship

THE WORLD'S largest warship, the 94,000-ton nuclear-powered aircraft carrier USS Nimitz makes a three-day visit to Portsmouth next week.



An impression of the £15.25m tiered conference centre the Government is planning for Westminster.

## £15m conference centre

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

MR PETER SHORE, Secretary for the Environment, announced plans yesterday for a £15.25m Government conference centre on one of London's more notable bomb sites, the former Westminster Hospital land at Broad Sanctuary opposite Westminster Abbey.

The site, bought by the Government after the war, was originally earmarked as the home for a new Colonial Office. A dearth of Colonial Office killed that idea, and in 1958

the then Government announced that the site was too important for office development and should be used for a building of "national significance".

Twenty years later, the outline plans for a Government Conference Centre have been unveiled, and the scheme will now be put through planning procedures with the Greater London Council and Westminster Council, and consultation with the Royal Fine Art Commission.

The preliminary design, by

Powell, Moya and Partners, stems from a feasibility study commissioned from the party in 1975 by the Property Services Agency.

Proposed is a tiered concrete building with a theatre-type auditorium seating up to 1,000 people. Work on the foundations could start by the end of next year, after an archaeological dig and the building is expected to be completed by the mid-1980s. The £15.25m cost estimate is based on this year's building prices.

## £179,828 book collection

AN EXCEPTIONAL collection of tracts, made £24,800, as against £35 continental books from the 16th to 17th centuries was sold similar copy, but with coloured illustrations, at Sotheby's earlier

at \$2.4m. This is believed to be the highest price ever achieved for a single book, beaten by £12.5m set by Christie's in New York earlier this year for another copy of the Gutenberg Bible.

The Christie's sale of Chinese export porcelain totalled £228,300. Marchant paid £11,500 for a large famille rose dish Yung Cheng, or early Ch'ien Lung, and Aronson gave £8,200 for a garniture of five famille rose ground vases early Ch'ien Lung and £5,200 for a similar lot.

The top price was £26,000 from Breslauer for a first edition of Boccaccio's classic on the lives of famous women De claris mulieribus, printed in 1473, and including an illustration of the accouchement of the mythical Pope Joan. Quaritch paid the same sum for a first 1485 edition of Rationale Divinorum Officiorum, the earliest book in the sale, printed at Mainz on vellum in the first known use of Greek type.

Outside the saleroom, on Friday Quaritch, the leading book on war machines, De re militari by Valturio printed in Verona in 1472 with over a hundred illustrations removed from Childwickbury, the house of the horse breeder H. J. Joel, sold for £73,020. They included the garniture of five famille rose ground vases early Ch'ien Lung and £5,200 for a similar lot.

A pair of famille rose blue ground fish bowls sold for £4,500 and Aronson again paid £3,600 for a massive famille verte powder blue ground dish Kang Hsi.

The lots removed from Childwickbury, the house of the horse breeder H. J. Joel, sold for £73,020. They included the garniture of five famille rose ground vases early Ch'ien Lung and £5,200 for a similar lot.

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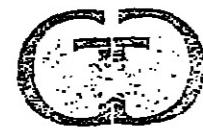
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The 1979 Financial Times diary shows a number of improvements over the 1978 Financial Times diary.

Firstly, design.

We commissioned James Shurmer, who has produced work for the National Gallery, to completely revise the interior styling.

He provided us with a nicely understated thin-line treatment of the main diary, together with a matching design for the information sections.

Secondly, it occurred to us that there were insufficient months in the year.

Hence the 1979 FT diary starts on November 27th, 1978, and finishes on February 3rd, 1980.

So you can slip into 1979 whenever it suits you.

We've also extended the business information section. It gives a comprehensive list of useful information sources in thirty countries of the world.

You can trace anything from a Belgian consumers' association to a Polish translation agency.

On the subject of translation, the diary also contains a French and German business vocabulary covering everything from 'cash' to 'collateral'.

It could help make letters from abroad a lot easier to understand.

Next, we thought we'd put an end to writer's cramp.

To save you having to copy out hundreds of addresses and telephone numbers at the end of each year, we've incorporated a detachable address booklet.

Now, on the assumption that you do a fair bit of travelling, we've listed the passport, visa and vaccination requirements of all major countries, along with world time-zones and air-travel distances. There is also a superb 48-page colour atlas.

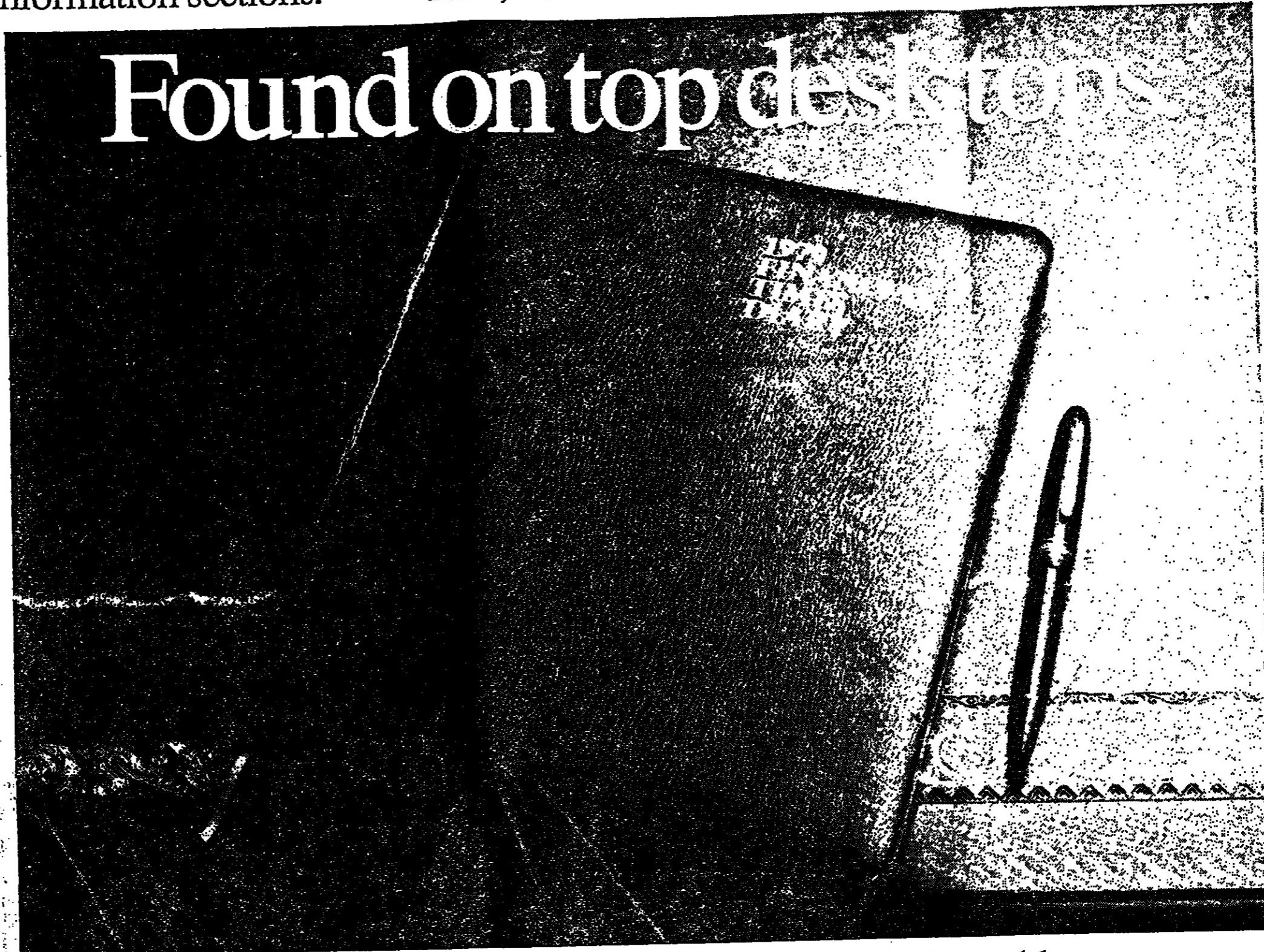
Statistics, we thought, were vital.

In the 1979 FT diary you'll find an 18 page section containing analysis charts, monthly expense sheets, weights and measures, metric conversion tables, both metric and imperial graphs, and international clothing sizes.

Finally, we decided that no-one wants a marker-ribbon that falls to bits, so we've attached a non-fraying marker ribbon.

In addition to the desk diary, there's a slim pocket diary and wallet, in black leather, with strengthened corners and real gold lettering.

It contains a colour map of the City of London, tube and inter-city maps, a list of recommended hotels and restaurants, information on road, rail and air travel in Europe, calendars, world



time zones and metric conversion tables.

We've also designed an attractive matching address book.

If required, the desk diary, pocket diary and address book can all be gold-blocked with either your initials or company name and logo.

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**FINANCIAL TIMES DIARY.**

## THE JOBS COLUMN

**Code of recruitment practice—official**

BY MICHAEL DIXON

ALONGSIDE, at last, is the final form of the code of good recruitment practice which was suggested by the Jobs Column 14 months ago, and is now as good as officially adopted by the Institute of Personnel Management.

It is a proud day, is this—but let's not procrastinate. Go and read the code, please, then come back here and I'll be waiting for you.

Now, no doubt a number of regular readers will be exasperated to find that the code does not include points which they sent in as possible additions. Please be assured that all suggestions were carefully considered, but that most had in the end to be omitted in the interests either of keeping the code brief, or of making it fundamental enough to govern the peculiar needs of public-service as well as business organisations.

For instance, several readers indignantly called for ban on organisations' advertising externally when they already know full well that the job concerned will be filled by one of their existing staff.

The institute is aware that this further camouflaged wastes a lot of job-hunting time and a lot of money, often at the taxpayers' expense. And so do I. Once again, the manager's job there will remain a slight after vanity waiting weeks for the boys' clubs will be penetra-

**THE CODE** sets out what the Institute believes represents current good practice. Organisations who observe the code will do so to promote good relations between themselves and the people who apply for jobs they offer.

1.—Job advertisements will state clearly the form of reply desired (for example, curriculum vitae, completed application form) and any preference for hand-written applications.

2.—An acknowledgement or reply will be made promptly to each applicant. Where consultants are acting mainly as forwarding agents for companies, the parties will agree who will acknowledge applications.

3.—Candidates will be informed of the progress of the selection procedure, what this will be, the time likely to be involved, and the policy regarding expenses.

4.—Detailed personal information (for example, religion, medical history, place of birth, family background, etc.) will

a reply. I called round to ask what had happened, the staff applicant.

Our contempt for the camouflaging practice—and also for would-be consultants who advertise fictitious jobs in the hope of selling the applicants to genuine employers—will nonetheless be expressed in the "Guide to Observance" which the institute plans to publish with the code. So, no doubt, will be our hope that fair-minded employers will take steps to make clear that the jobs they advertise are open to applications from inside, as well as from outside their organisation.

The matter which probably produced most comment while the code was being formulated on the racial origin of all was the requesting of detailed applicants so that, in case of

not be called for unless and until it is relevant to the selection process.

5.—Recruiters will not take up any reference without the candidate's specific approval.

6.—Applications will be treated as confidential.

**APPLICANTS' OBLIGATIONS**

1.—Advertisements will be answered in the way requested (for example, telephone for application form, provide brief relevant details, send curriculum vitae, etc.).

2.—Appointments and other arrangements will be kept, or the recruiter will be informed promptly if the candidate discovers an agreed meeting cannot take place.

3.—The recruiter will be informed as soon as a candidate decides not to proceed with the application.

4.—Only accurate information will be given in applications and in reply to recruiters' questions.

5.—Information given by a prospective employer will be treated as confidential, if so requested.

only then seek external references as a check. But it seems that this confidence is lacking in many organisations, especially in the public services, which unashamedly demand references for study before interviewing the candidate concerned.

Ideally, of course, recruiters who doubt their ability to make up their own minds should transfer to other work in which they might feel competent. But in these days of high unemployment, it may be hard for even public-service officials to find another, less challenging trade.

In the circumstances it seems best to allow such people whatever external opinions they feel necessary to make up their minds for them. So the clause on references guards merely against blatant abuse.

But the local authority which refuses to interview any candidate who withdraws permission to seek a reference at that stage, should realise that this rule is the sort of gratuitous, dogmatic proselytism which has brought bureaucracy into disrepute.

Which leaves me room only to pay my thanks and respects to the lovely Ann Redfern, Bob Fleeman, and Bernard Dixon (no relation) of the Institute of Personnel Management, who have been mainly responsible for making the code of recruitment practice a reality.

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An excellent salary with the potential to earn very high commission is offered with excellent fringe benefits and working conditions.

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General Manager  
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• The prime requirement is for senior marketing management experience in micro-electronics preferably against a communications, data processing or aerospace background. An appropriate degree or engineering qualification is mandatory.

• PREFERRED age around 40. Terms are for negotiation above £50,000 together with international company benefits. Location—London.

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The openings offer excellent opportunities for advancement both within the U.K. and overseas.

Applicants will ideally be in their 30s and have had at least ten years' banking experience, preferably domestic and international to include Documentary Credit, Foreign Exchange, Lending and Marketing. Salary will be commensurate with experience to which will be added excellent fringe benefits.

Please apply in writing, giving brief details of career to date to:

Mr. E. J. Ralphs, Manager—Personnel,  
American Express International Banking Corporation,  
52/58 Cannon Street, London EC4P 4EY.

**FIXED  
INTEREST****SKC**

We are seeking additional Institutional Fixed Interest Salesmen/Women with proven and established records to expand this side of our business.

Remuneration and incentives are open for negotiation.

Replies in confidence to:

R. B. S. Wood,  
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52 Cornhill,  
London EC3V 3NR.

**MARKETING MANAGER****Circa £10,000 + Car**

FINTEL, a newly formed company, owned jointly by Financial Times and Exel, is seeking a dynamic manager to develop and market business information services on an international basis.

Initially, the company is concentrating its efforts upon developing a data-base for distribution via Prestel, the Post Office viewdata system. However, the longer term aim is to establish a range of data-base products to service a variety of business needs. Experience therefore in at least three of the following fields is essential:

- electronically distributed information services
- specialist business publishing
- European and U.S. markets
- data-base services
- computer/communications
- consultancy in a marketing role

The successful candidate, who would report directly to the Managing Director, is likely to be in his or her thirties with a degree from a British or foreign university or business school. There are good prospects for later selection to a board appointment.

Please apply in writing giving full details of your career to date to:

Mr. B. Botten, Managing Director,  
FINTEL LIMITED,  
1. Pudding Lane, London, EC3R 5AA.

not be called for unless and until it is relevant to the selection process.

5.—Recruiters will not take up any reference without the candidate's specific approval.

6.—Applications will be treated as confidential.

**APPLICANTS' OBLIGATIONS**

1.—Advertisements will be answered in the way requested (for example, telephone for application form, provide brief relevant details, send curriculum vitae, etc.).

2.—Appointments and other arrangements will be kept, or the recruiter will be informed promptly if the candidate discovers an agreed meeting cannot take place.

3.—The recruiter will be informed as soon as a candidate decides not to proceed with the application.

4.—Only accurate information will be given in applications and in reply to recruiters' questions.

5.—Information given by a prospective employer will be treated as confidential, if so requested.

only then seek external references as a check. But it seems that this confidence is lacking in many organisations, especially in the public services, which unashamedly demand references for study before interviewing the candidate concerned.

The new salesman will be given a marketing territory in the U.K. and will be based in London. It is likely that he (or she) will be given additional European responsibility as the job develops.

The job itself is to market leases on IBM 360, 370 and the new 3000 series computer equipment. As SCL is a subsidiary of the Standard Chartered Bank group, the security of SCL is assured.

The successful applicant (male or female) would need a successful sales record, a knowledge of IBM equipment and a knowledge of finance.

An excellent salary with the potential to earn very high commission is offered with excellent fringe benefits and working conditions.

If you are interested in this position, please contact:

John Burke  
General Manager  
Standard Chartered Leasing Company Limited  
79 New Cavendish Street  
London, W1M 8AJ.  
Tel. No.: 01-580 0302

**Deutsche Bank**  
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requires for its active and expanding business operations an

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Applicants should be in their mid 20s and have a sound British banking background together with a good knowledge of computerised data processing particularly in relation to the introduction of new systems.

Salary and benefits will be commensurate with the successful candidate's experience. Please apply in writing giving full details of career and salary to date, which will be treated in strict confidence.

Deutsche Bank AG, London Branch  
10 Moorgate, London EC2P 2AT  
Tel: 01-606 4422

**Company Secretary**

A well-established international group in civil engineering requires a qualified company secretary. The appointment will be in the Midlands. Applicants of either sex should be in the age range 30-40. Experience in computers would be desirable but not essential. The successful applicant would be responsible for the normal duties of company secretary, legal advice and participation in commercial negotiations. The salary is negotiable and includes generous fringe benefits.

Please write in confidence with full personal and career details to Box A.6383, Financial Times, 10, Cannon Street, EC4P 4BY.

**GROUP SALES DIRECTOR**

To join S.E.-based private group operating in export/government packaging and freight forwarding. Annual turnover approaching £2m. Net profits in excess of £100,000. Salary £15,000 per annum plus car. Profit participation. Equity available. Successful candidate should be able to introduce business from day one and stimulate those with whom he/she works.

Write Box A.6377, Financial Times, 10, Cannon Street, EC4P 4BY.

**ACCOUNTANCY**

**JUNE 29 1978**

The Financial Times is proposing to publish a Survey on Accountancy on Thursday June 29 1978.

The main headings of the provisional editorial synopsis are set out below.

**INTRODUCTION**  
**THE STATE OF THE PROFESSION**  
**INFLATION ACCOUNTING**  
**ACCOUNTING STANDARDS**  
**THE NEW AUDITING STANDARDS**  
**THE NEW EEC DIRECTIVES**  
**THE REGULATION PROBLEM**  
**EDUCATION + TRAINING**

For further information on the editorial content and details of advertising rates please contact:

Mike Hills, Financial Times, Bracken House, 10, Cannon Street, London EC4P 4BY  
Tel: 01-248 4864 or 01-248 3000

**FINANCIAL TIMES**  
EUROPE'S BUSINESS NEWSPAPER

The content and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor.

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PRIVATE CLIENTS

Our client, an accepting house, is one of the major forces in the investment scene. They regard private clients as a growth area and are currently seeking to strengthen their growing department by appointing an additional manager.

You will be aged 26/34, possibly be a graduate, but more important be someone who combines an analytical training with flair for portfolio management. Minimum experience level with a stockbroker/investment house/bank—four years.

Your responsibility will cover all types of investment and you will be supported by sophisticated computer and other systems. Considerable personal responsibility and client contact is involved and further promotion prospects are good.

An exceptionally generous remuneration package will include an above average salary, a bonus-level in line with Stock Exchange practice, assisted mortgage, non-contributory pension etc.

Full details please to Colin Barry at Overton Shirley and Barry (Management Consultants), 17 Holywell Row, London EC2A 4JB. Tel: 01-247 8274.

**Overton Shirley  
and Barry**

## Banking Recruitment A Professional Service

Lloyd Chapman Associates are pleased to announce the formation of a Banking Recruitment Division.

The Division, under the management of Yvonne Emmerson-Fish, is structured to provide a professional recruitment consultancy service to the Banking world.

Enquiries are invited from Banking organisations with current or future recruitment needs, and from candidates seeking advice on career opportunities.

In the first instance please telephone or write to Yvonne Emmerson-Fish.

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123, New Bond Street, London W1Y 0HR 01-499 7761

## Qualified Accountant

For a civil engineering company in the Midlands with international work. Applicants should be in the age range 30-40 and would be responsible for all financial matters of the company. He or she should be able to demonstrate a proven record of achievement in financial control and accounting preferably in an international environment. The salary, which is negotiable, will include generous fringe benefits.

Please write in confidence with full personal and career details to Box A.652, Financial Times, 10 Cannon Street, EC4P 4EW.

**Colaiste na hOllscoile Corcaigh  
UNIVERSITY COLLEGE, CORK  
TEMPORARY POST IN ECONOMICS**

Applications are invited for a post as Temporary Full-time Assistant Lecturer/College Lecturer in Economics for the year commencing 1st October, 1978. Salary dependent upon qualifications and experience within range £2,755-£6,611 p.a. It would be an advantage if candidates could teach Econometrics at least at undergraduate level though this need not be their main field of specialisation.

Written application and the names of two referees should be forwarded to the Professor of Economics, University College, Cork, by Thursday 29th June, 1978.

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TO BE BASED IN LONDON OFFICE

Preference will be given to those applicants with export experience. Apply in strict confidence for application form:

M. C. Ayling,  
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London EC3R 7DA. 01-626 9900

## COMPANY NOTICES

### RAND MINES, LIMITED

(Incorporated in the Republic of South Africa)

A Member of the Barlow, Rand Group



DIVIDEND DECLARATION

**BLVVOORUITZICHT GOLD MINING COMPANY, LIMITED**

NOTICE IS HEREBY GIVEN that dividends No. 62 & 63 cents per share has been declared in South Africa and payable to members registered on the date of record, the close of business on 30th June, 1978. The register of members will be closed from 1st to 9th July, 1978, inclusive, and dividend warrants will be posted on or about 3rd August, 1978.

The rate of exchange at which the dividend will be converted into United Kingdom currency for payment of the dividend is the official rate of exchange between the London Secretaries and the Bank of England's rate of exchange between the London and London rates on the first business day after 1st July, 1978, on which foreign currency dealings are transacted.

Where applicable, South African non-resident shareholders' tax of 15% will be deducted from the dividend.

The full conditions of payment of this dividend may be inspected at or obtained from the Johannesburg or the London offices of the company.

**DURBAN RODEPOORT DEEP,** LIMITED

**EAST RAND PROPRIETARY MINES,** LIMITED

The Boards of directors of these companies have decided not to declare dividends for the half-year ending 30th June, 1978.

By order of the Boards,

D. F. L. WATTS,  
Administrative Manager

and Secretary.

Office of the Company in the United Kingdom:  
Charter Consolidated Limited,  
49 Hobson Place,  
London EC1P 1AJ.

### ART GALLERIES

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**ROUSE & DARBY</**

## LABOUR NEWS

# Leyland toolmakers walk out in union differentials battle

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

**LEYLAND** TOOLMAKERS "reaffirmed their determination underlined the threat they can pose to the State-owned corporation by calling out more than 2,000 workers for an unofficial one-day stoppage yesterday.

However, the immediate sanctions threatened by a mass meeting of 1,700 workers in Birmingham were directed against their own union, the Amalgamated Union of Engineering Workers, rather than the company.

The toolmakers urged colleagues to withhold union subscriptions until the unions' national executive supports their aims.

The move is intended to embarrass the engineering union and is directed particularly against Mr. Terry Duffy, president-elect, who advised toolmakers to ignore the unofficial strike call.

Mr. Roy Fraser, the toolmakers' leader, said the protest seemed the only way for skilled men to register their frustration at the way they had been treated by the union.

The toolmakers are demanding separate negotiating rights with Leyland, to restore eroded differentials.

The issue was at the centre of the month-long strike that brought the company close to financial collapse last year.

Mr. Fraser insisted that the a wage increase of more than toolmakers did not seek another £20 a week to put them in line with rates which they claim are



Roy Fraser: determined to see justice.

being paid elsewhere in the motor industry.

Production of Leyland's Rover saloon was disrupted at Solihull yesterday, following a strike by 80 external drivers protesting about disciplinary action against a colleague. About 1,500 of the 4,000 assembly workers

were laid off and the company was trying to resolve the dispute.

## Banknote strike to continue

By Our Labour Staff

NOTE EXAMINERS at the Bank of England printing works have decided to continue their strike until at least Friday when another meeting is expected.

More than 500 examiners, drivers, binders and other groups have been dismissed during the dispute which has prevented note printing and distribution from the Loughborough works in Essex since the middle of last month.

The bank's moratorium on £1 and £10 notes, when the clearing banks would have been prevented in any case from circulating new notes that should have been printed during the dispute, ended at the weekend. The moratorium for £5 and £10 notes finishes on June 30.

The banks with stocks of new notes have not been caused any real problems by the dispute.

The Bank of England says the dispute, which involves about half the printing works' 1,000 examiners is over a closed demand.

The dismissed examiners, members of the Society of Graphical and Allied Trades have complained that the bank has been replacing union by non-union members.

## Bonus dispute makes 3,000 workers idle

TWO YORKSHIRE factories of Associated Engineering (Turbine Components Division) Ltd, are at a standstill through strike by 1,300 employees over bonus systems.

It began at the factory at Shipley, near Bradford, where 45 workers began a work-inpute over alleged anomalies. They were sent home by management. The remainder of the factory, some 3,000, walked out claiming a pay-out.

Workers at the main factory at Yeadon, near Leeds, came out in support.

Mr. Ray Deaney, Amalgamated Union of Engineering Workers, at Yeadon, said a "last-ditch approach" had been made to management for a settlement, but without success. Mr. Ralph Bradbury, the personnel director, said that if the company missed business now there could be harmful long-term effects on profitability and jobs.

## Fresh recognition claim is filed

BY ALAN PIKE, LABOUR CORRESPONDENT

THE LEGAL and General Staff Association yesterday revived its application for recognition of the company by filing a new recognition claim with the Advisory, Conciliation and Arbitration Service.

By taking this action the association believes that the arbitration service will once again have to interview employees and ascertain their views on union representation.

Earlier this year, the service circulated to parties involved a draft report after another claim for recognition rights at Legal and General by the Association of Scientific, Technical and Managerial Staffs. This showed that in an 80 per cent poll 1,854 employees wanted the association to represent them compared with 773 for the staff association. More than 1,100 other staff did not want a union at all.

Since the production of the draft report, the staff association has been seeking joint representation.

## Strike hits beer supplies

A WALK-OUT yesterday by 350 drymen at Mitchell's and after consultation with the brewery, Smethwick, Staffordshire, halted supplies of beer and soft drinks to 5,000 public houses, clubs and off-licences in the Midlands.

The men are not due to meet again until tomorrow and many pubs, with stocks low because of the recent heatwave and a dispute at a rival brewery, will have to wait a pledge that pay will not drop below £100 for a 40-hour week.

## ACAS 'given a free hand'

THE Advisory Conciliation and Arbitration Service had been given a free hand to decide whether or not to recommend a union for recognition, a High Court judge was told yesterday.

Mr. Brooke, said the service felt that, if the association was recommended for recognition, it would be encouraging the extension of collective bargaining provided in the Employment Protection Act.

He was defending the service's decision not to recommend bargaining status for a non-TUC professional engineers union at APEA-Alien, of Bedford.

## Building workers meet over pay offer

By Nick Garnett, Labour Staff

A MEETING of lay delegates representing Transport and General Workers' Union members in the construction industry is being recalled next week to reconsider its rejection of a pay offer, affecting 800,000 building workers.

Mr. George Henderson, national secretary for construction, was given sanction yesterday by Mr. Moss Evans, the union's general secretary, to send notices to the regions reconvening the national trade committee on June 19. The national pay agreement for the industry runs out on June 25.

The Union of Construction, Allied Trades and Technicians, the largest union covered by the agreement, has accepted the offer, which is marginally below 10 per cent. At the same time, the majority of the transport union's regions have made it clear it is unwilling to take industrial action.

The union's negotiators hope the delegates who voted narrowly against the offer's acceptance will take the original advice of their national officials and accept the deal.

## Government rebuked by NALGO chief

By Pauline Clark, Labour Staff

THE GOVERNMENT was accused yesterday of "gross interference" in wage negotiations for local government officers on the eve of the annual conference of the 710,000-strong National and Local Government Officers Association in Brighton.

Mr. Jack Bradburn, chairman of the 450,000-member local government officers' group said that Mr. Peter Shore, Secretary for the Environment, should "get out" of the present wage negotiations.

Mr. Bradburn told a special group meeting that there was a negative attitude in the negotiations. But the Government was now adding to it, "and maybe causing it."

He added: "I tell you here and now, there is gross interference in negotiations so far. The guidelines are one thing, interference is another."

The meeting was told that in the early stages of the local government negotiations the employers were moving towards a cash increase of about 9.5 per cent.

Mr. Bradburn's attack echoed the mood of the crucial May conference in London at the beginning of this month, when opposition was expressed to the Government's policies of using centralisation of wages, cash limits and direct intervention in the public sector as economic regulators.

Mr. Bradburn said yesterday that his members, the last major group to settle under Phase Three, had suffered worse than others in the local government pay arena.

They would settle for nothing less than full consolidation of both the supplements and a 10 per cent increase on consolidated scales from July 1.

tion was anxious to avoid.

It would mean that instead of three bargaining units, comprised of three other unions, the employer would have to negotiate with four.

Mr. Brooke agreed with the judge that, if the association was recommended for recognition, it would be encouraging the extension of collective bargaining provided in the Employment Protection Act.

But he said, the service could disregard that particular duty and have regard instead to its duty to "promote an improvement in industrial relations."

## Bank of Ireland announces that the following rate will apply from and including

13th June, 1978

## Base Lending Rate 10% per annum

Bank of Ireland

## Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

### • PROCESSES

## Brighter look for plastics

IN AN ATTACK on a plateable at least as good and frequently also rolled or fabricated structural sections up to 36 inches by 16 inches.

At present, the production situation is that the MPD Technology associate in the U.S. has set up a division called Alloy and Polymers to manufacture Caprez and commercial production is starting.

This name describes a directly electroplateable, electrically conductive and easily moulded form of polypropylene containing carbon filler and certain proprietary additives developed by Inco in the U.S. These serve the purpose of providing complete and speedy coverage of the plastic surface during deposition of metal and they also promote chemical bonding between metal and plastic.

Caprez is suggested for the production of car parts and accessories, household fixtures and appliances as well as plumbing units and toys. Trial runs on consumer durables and on automotive parts are already in progress in the U.S. and can be coming off the lines in a couple of months.

Further information on Caprez from Product Manager, Alloy Polymers, MPD Technology, Wiggin Street, Birmingham B16 OAJ. 021 454 0373 or 4571.

The unit range is based on module length of 1,100mm and can be supplied in lengths of 8 metres to six enclosure widths of 8, 12, 220mm x 1,370mm depth.

The booth has a fully open front and inward flume extraction through a disposable filter. On the top of the exhaust chamber are impellers which create a constant inward air velocity of about 75 metres to 9 metres per second, ensuring that the operator breathes cleaner air enabling him to work for longer periods without interruption.

The material can be plated with copper/nickel/chromium coatings similar to those used for other similar materials and heat-resistance as well as peel and corrosion resistance are 3 inches thick in any length and

3 and 4 lb have been produced. This should also contribute substantially towards lower costs.

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# The Management Page

EDITED BY CHRISTOPHER LORENZ

David Curry reports on how the Compagnie Generale d'Electricite (CGE) has fared under government sponsored re-organisation

## Did CGE really lose out?

**CGE** HAS been accused of "losing out" in the re-organisation of several of France's industrial sectors, notably in nuclear power and telecommunications, which the Government has sponsored in the interests of bringing essential technology under French control. But how true is this conventional wisdom?

**Nuclear power:** When the state-owned utility Electricité de France decided to build up France's first generation of nuclear power stations around a single model, it had to choose between the boiling water reactor licensed from the U.S. by CGE (and for which it had placed two orders and six options) and the pressurised water reactor licensed from Westinghouse by the Creusot-Loire group. It chose the Westinghouse system and CGE's orders were cancelled (with compensation).

At the same time the state decided to concentrate production of turbine-generators around Alsthom, which had come into the CGE camp in 1969. In early 1976 Alsthom merged with the shipbuilding group Chantiers de l'Atlantique leaving CGE with a 30.7 per cent share in the resulting group Alsthom-Atlantique.

Chantiers de l'Atlantique had experience in diesel motor construction and also had links with the state Atomic Energy Commission in the field of smaller nuclear power stations.

Later in 1976 the turbine-generator division of another big engineering concern, Compagnie Electro-Mécanique (CEM), was made over to Alsthom-Atlantique, giving the company an effective monopoly of turbine-generator development. In its final configuration Alsthom-Atlantique had a production capacity of 8,000 MW putting it on a par as a producer of turbine-generators with Kraftwerk Union and Brown-Boveri (whose licence it holds) although behind U.S. General Electric and Westinghouse.

Since CGE also has large civil contracting interests, it claims that it can handle some two-thirds of the value of nuclear power station contracts without supplying the nuclear core.

But CGE retains its stake in the fast-breeder programme, which will eventually give birth to France's second generation nuclear power stations.

An important series of agreements have been signed effectively setting out the frontiers between Alsthom-Atlantique and Creusot-Loire in the fields of steam turbines, hydraulic turbines and nuclear reactors.

"The mistake," according to Roux, "was not getting out of nuclear if we was getting into it. But we wanted a Government decision that would give us the turbine-generator monopoly in return for quitting nuclear. Turbine-generators make much more money than nuclear reactors and we reckon there will have to be reconversion of power stations to coal and oil."

**Telecommunications:** The charge is that the state tilted CGE when it decided to concentrate switching technology in French hands in favour of the Thomson group, which at that time was not even a competitor in the field. In consequence, ITT was obliged to sell its Le Matériel Téléphonique (LMT) subsidiary and Ericsson was obliged to sell its French operation to Thomson.

CGE argues that when the state was looking for a foster mother for the Metacarte system developed by ITT and the AXE system of Ericsson, there was never a practical chance that CGE would be selected for the precise reason that CGE was the master of mainstream computers.

## The French giant that 'knows where it's going'

"A CRISIS of identity?" number of its affiliates. It has impatience of notions that social sector will slow down. But we Ambroise Roux rocked his invested heavily to renew its engineering should come before intend to develop ceramics and industrial equipment and has mechanical engineering as a glass insulation—particularly imposed a rigorous financial corporate concern.

His personal portfolio of already have a quarter of free finance both expansion and directorships includes the Credit world production.

Commercial de France: the One of his priorities for disproportionate burdens on the holding company of the Paribas development is clearly the tele-industrial and financial empire: communications and data processing.

Roux is fond of comparing Peckinay Ugin Kuhmann; the lessening field. CIT-Alcatel is 1973 with 1977 to illustrate the *Credit National*; and the Roux's particular baby, the only group's performance. In 1973, Société Nationale d'Investissement subsidiary which he himself chairs, and it is under the CIT-

operations were included in the Roux's solid presence has Alcatel banner that the group group, our sales reached FF 1.2 billion. Last year sales of group over the past few years, rapidly growing concerns. Sintra and Transas. The group stake in Sintra was raised from 15 to 37 per cent in 1976 and it has signed a "growth contract" with the State, setting out norms for financial and market performance in return for subsidies

—one of the Government's techniques to encourage the development of the French presence in crucial areas of technology.

In each of these areas CGE has been accused of "losing out": to Creusot-Loire and Empain-Schneider empire in nuclear: to Thomson-Brandt in telecommunications; and to a lesser extent, computers — CGE has been affected by Government-sponsored industrial reorganisation.

Roux agrees that any account of these three restructuring shows that, far from having lost out, CGE has emerged with its position improved.

### Key areas

"There's nothing in the group which we don't want," says Roux. "Perhaps there are some things we are in through force of habit, but by now we are present in a number of key areas and Marconi and five industrial concerns in the group are between them pursuing four lines of development. The most im-

portant is the area of heating of Alsthom-Atlantique, and its managing director, and he will like the entire French industry, soon embarking on his ninth year as chairman.

He combines this with being paring to put its workforce on one of the barons of the 24 hour week. Its expansion Patron. And he has a reputation for being a no-nonsense boss sales in the heavy electrical energy, covering areas like the their calculations than some of the really big companies."



Ambroise Roux: "There is nothing siller than buying a bad company cheaply"

control of boiler temperatures their European contemporaries, and television supervision and metering. Photovoltaic conversion forms the third main axis.

"When you have got the place we hold in heavy electrical engineering, in telecommunications and data processing.

Finally, the group is aiming to develop high performance production techniques for hydrogen. Our group is incontestably one of the most committed in the field of new energy sources, geared by priority to the development of the techniques themselves, rather than to agreeing industrial alliances with overseas companies" the annual general meeting was told.

Roux explains the mode of growth: "We have never gone backwards. If this means that our increases in profits are modest, it means equally that we have maintained the progression. We intend to keep growing by external acquisition and internal development.

"Of course, the former is less simple now—there are not so many companies available. But we will continue to apply the normal criteria: we have never bought a company without being certain that it has what we call the industrial critical mass to justify the outlay.

There's nothing siller than buying a bad company cheaply."

CGE is a national flag-carrier in a number of sectors—and day," he answers himself. And to what sort of people?

"Oh, the Prime Minister, the President, perhaps the chairman

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## Paris Theatre

# Louise Michel and Beckett

by GARRY O'CONNOR

Louise Michel was a 19th-century working-class feminist, destined sooner or later to surface as she has at the Théâtre Brûlé in Dominique Houdart's eponymous play based on her writings. She is shown rigidly and unwaveringly inscrutable from her standing up in the decrepit symbols of the Second Empire, through the Franco-Prussian War, the Siege of Paris, and the days of the Commune, her exile in New Caledonia, to her return home to further prison sentences (and a meeting with Marx's son-in-law). Like a Henry V placed a whole evening instead of a single scene before the walls of a capital, Harfleur, she is frozen for ever on the same scaling ladders.

Yet if the content of Mme. Houdart's ideas leaves much to be filled in, in execution she weaves with the means at her disposal a careful and fascinating texture. A timber-framed proscenium within a proscenium has been built on the stage of the Théâtre Brûlé and here addresses dozens of puppets of differing sizes and condition, some on strings, some as gloves, some merely held, make their entrances and exits, surrounded by their manipulators who are visible. Louise Michel herself is played by Jeanne Hévin, who delivers her words with a certain poignancy, but the real value of this evening lies in the illustrative material: the slides so to speak, in this didactic "lecture".

These are the puppets themselves which give an authentic effect of 19th century caricatures and wood-cuttings, caffing and gesticulating with eerie effectiveness, while the Chinese lantern effects of the days of the Commune, and the incidental music, are also good value. But with many Parisians complaining they would never be rash enough to go to the theatre these days because the quality is so low, and with a dozen Brecht plays, or Brechtian affiliates, running such as this (there were less than 20 in the audience) it is hard not to believe that Paris theatre may be dying from a surfeit of working-class heroes, while the authentic French heroes (at present) are the paraboots of the 2.R.P.F.

But the Théâtre d'Orsay does have an ambitious Beckett triple bill running, which is filling houses, as is Roger Blin's production of *Waiting For Godot* at the Comédie-Française. In spite of such establishment treatment Beckett, I am glad to say, still provokes irritation bordering on violence in some of his audiences: the performance I attended at the Orsay was marred by a series of insolite spectators - who brought Madeleine Renaud, to a standstill, and who were finally ejected in a series of scuffles. The cause for provocation was not Madeleine Renaud but a long and tedious rumble previous to her appearance called *Histoires*, inspired by the works of Beckett and performed by the Théâtre du Labyrinthe, a vague evocation of objects, people, and their "territories," full of the kind of pious pretension to which Beckett's works sometimes lend themselves.

The substance of the evening was, however, Pas Mot, unerringly well mouthed, by Mme Renaud.

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## London Exhibitions

# Summer delights

by DAVID PIPER



Detail from 'Nero and Galba' by Rubens

Two of the perennials of London's summer affluence are the exhibitions put on by the two senior dealers in old masters, at the Piccadilly end of New Bond Street, Agnew and Colnaghi.

Dealers may complain of the scarcity of fine paintings, but this year these two shows are up to standard, even if the incidence of actual masterpieces is not so marked. At Agnew (till July 28; not Saturdays, but open Thursdays till 7 p.m. instead of 5.30) a big Cup presides in the serene certainty of sheer quality wonderfully preserved. Not that the subject matter will astonish you—as often, it is a cowa estuary and a boat or two: a spit of earth, a broken fence, water and sky. But above all light and air. The benign and elegant image that Cup at its subtlest could distil out of these everyday elements into a peace certainly beyond all understanding is one of the miracles of European ideal landscape art—even Claude has to be at his best to surpass Cup at his best.

At Colnaghi (till July 7, 10-6, Saturdays 10-1), the outstanding picture could not be more opposite in mood—by a Dutchman likewise, Dirck van Baburen, but painted earlier in the century, about 1615, and in Rome—exercising with brilliant control the language of Caravaggesque drama. It is *The Capture of Christ*, a subject with its torch-light setting at night, its opening in violence of the story of The Passion, dear to the troubadour. The complex, seething composition is handled with astonishing assurance (the painter died perhaps even before he was 30). It is resolved from two sources of light—the flaring torch, high above, the head of Christ, bowed in submission almost tenderly, into Judas' embrace; a dark lantern below, opened to spill light on the frantic gesture of Malchus, fending vainly at the hand that will log his ear. Dutch and Flemish 17th-century painting is well represented at Colnaghi: a little Bellazzaria's *Feast* by Brueghel, elegantly drawn, they provide shadowing comparable effects by the young Rembrandt, and a Rubens study of two Emperors' heads. Magnificently drawn, yet powerfully characterised, they provoke the modern viewer nevertheless to speculation as to what kind of imperium they were the ideal embodiment of—Nero and Galba they are, true bullboys. In vividness of character, they are matched by a little early Italo-Flemish panel of a merchant attributed to Ambrosius Benson, a flat-headed low-born bourgeois merchant, be-jingled with material prosperity, shrewd yet also somehow vulnerable. One wonders indeed whether the missing pendant—that of his wife to whom he must be offering his ring—has strayed. The portraits at Colnaghi are indeed postcard size), a luminous hazy vision of San Giorgio Maggiore, all awash with light and water as if held just this side of sinking by sheer faith; there are a few portraits here, but among them the account of a young lady in a classical garden by Karel de Moor takes a theme more generally associated with Netscher, but in terms of a girl aged every day of 12 posing with a shrine of family portraits by G. F. Watts might serve as found. It will also be the last time that one of them will be seen in the National Gallery Boardroom. It is just about the first time that it has been possible for the public to study these crystalline masterpieces.

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# FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY  
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Tuesday June 13 1978

## Cuba's African adventures

**THE TRUTH** about last month's invasion of Zaire's Shaba province will probably not be known for a long time, if ever. It has now emerged that Mr. Fidel Castro, the Cuban President, told the U.S. some weeks ago that he had tried to prevent the rebels' incursion. Washington, on the other hand, continues to maintain that the attack was mounted with Cuban connivance, if not active encouragement. However, Washington's evidence, there is no doubt that the Cubans are effectively in control of Angola, whence the invasion was launched, and it can only be assumed they had some hand in training the rebel forces. Whether they then positively encouraged the Katangese to cross the border is of only marginal relevance to their longer term objectives in Africa.

### Long-term policy

It would be wrong to see Cuba's African role simply as that of a Soviet cat's paw. It is true that President Castro has drawn much closer to Moscow over the past 10 years or so. But it is equally true that Cuba has its own independent reasons for adventurism. President Castro has made it quite clear that Cuban troops are in Africa as a result of long-term policy and ideological considerations and that they are not going to be withdrawn in the foreseeable future. He makes no secret of their availability for future operations in Namibia, Rhodesia and ultimately South Africa.

It is not hard to speculate on the underlying reasons for this. Cuba remains relatively isolated in the Western hemisphere and President Castro's revolution has not ignited the widespread uprisings throughout Latin America that he once so confidently predicted. Domestically, Cuba still faces the familiar social and economic problems of most developing countries. Shaba province was condemned by the Cubans, it provided a useful opportunity for the West to signal that it will not put up with the likes of the hero of the African liberation movement.

## State subsidies at risk

ATTEMPTS TO counter the weakness of a particular sector growing resort by more rather than, as may often be the case, the consequence of a deterioration in competitiveness. Unless aids are limited strictly the preparations for the Bonn summit meeting of the seven leading industrial nations next month and in the Tokyo round

The effects of protection cannot, moreover, be confined. Costs where it is hoped to reach a basic political agreement in the final consumer are increased. The saving of jobs in uncompetitive industries can thus make more difficult the creation of new jobs in industries with a future. Other sectors facing import competition will clamour for similar treatment. There will be the risk not only of retaliation but also of emulation in other countries.

As the experience of the European Community has demonstrated, it is not at all easy to police international rules on the use of state aids. The U.S. and the West Germans do not expect Britain and other governments to cease granting subsidies altogether but they want their use subjected to effective discipline. This inevitably raises the question of making state aids both specific and transparent, matters on which the European Commission in Brussels has been labouring hard, without very much success, for some years. It is not easy, for instance, to pin down the precise effects of tax concessions, guarantees, and cheap loans, while the financial arrangements that are often made between governments and state-owned industries and companies can be even more difficult to unravel.

### Outlets

The first requirement, however, is for governments to recognise that in the end no one can win from international competition in subsidisation. The process of adjusting to changing patterns of trade in the last few years of world recession have been difficult. But adjustment is likely to be a long and continuing process as more countries in the third world seek outlets for their new industries in the markets of the developed nations. The forthcoming meetings will present an opportunity for securing a basic international understanding on the use of subsidies which may not be responsible for the rise again for a very long time.

**T**HE FLOOD of imports of low priced East European tyres into this country has prompted the British Rubber Manufacturers Association to present the EEC with an anti-dumping plea later this month. Britain's tyre makers say the imports are undermining their home market. Unquestionably, they are doing considerable harm, but the real cause of the tyre industry's lack of profitability lie deeper.

In essence, the industry has the installed capacity to manufacture more tyres than its customers need. A ruthlessly competitive marketing system ensures that it has great potential across 75 per cent of its tread but with one bald shoulder made illegal.

Barring any spectacular change in the tyre safety laws, it looks as though the annual car/van tyre replacement market in Britain has settled down at around 20m units a year for some time to come.

What has been a carefully controlled business into one with price-cutting as its main selling weapon. This coincided with the motoring boom of the 1960s. Most tyres were still of crossply construction and they wore out quickly enough to maintain replacement demand at a high level.

So, despite discounting, tyre manufacture and marketing remained profitable. The tyre safety regulations, introduced in 1968, further fuelled the boom. Sales of imported tyres were still so small as to be irrelevant.

In the early 1970s, the longer-lasting radial tyre began to affect the situation but the continuing growth of car ownership kept tyre sales buoyant.

For the tyre industry, the oil crisis which began in late summer of 1973 was a disaster. Car production fell, which reduced demand for originally fitted tyres. Speed limits and soaring fuel prices reduced vehicle mileage and lowered demand for replacement tyres. And the cost of oil-based materials from which tyres are largely made increased enormously.

The oil crisis, and the economic recession it sparked off, could hardly have come at a worse time for the industry because by then the effect of the radial tyre — and, specifically the steel belted type — was beginning to bite. The industry's favourite indicator, the tyre replacement factor, tells the story.

Although the number of cars and vans in Britain grew from 14.1m to 15.2m in the three-year period 1972-75, replacement tyre sales dropped from 22.4m to 19.4m. The tyre replacement factor (the number of replacement tyres sold divided by the number of vehicles) fell from 1.59 to 1.27.

The number of vehicles has continued to rise since the worst days of the recession but the tyre replacement factor has

replacements will be more steel tyres.

If the prices realised for advanced technology steel-belted radial tyres were related to their mileage potential — vastly greater than that of the old-fashioned crossply tyre — the industry would be happier.

But unfettered competition in the marketplace has ensured that the "steel" tyre is sold too cheaply.

The reasons are complicated. Few industries can match the tyre industry's anarchic marketing arrangements. Tyres are sold through many different types of outlet. The main ones are specialist tyre distributors.

Woolco and Carrefour are a rising force. To the chagrin of the distributive trade, the tyre manufacturers rushed to supply the hypermarkets direct, even though they are in direct competition with their own equity

independents.

It is against this background of profit-eroding competition that the threat from cheap imports has to be seen. Their imports have started.

Total imports from the Eastern bloc (and these are what the ERMA is complaining about) were only 70,000 units each worth an average £2.19 landed in 1970.

Unfortunately, PWS had a set so that play could go ahead. However, PWS showed that all had not been forgotten about the listing 82 countries involved. He began with the Pitcairn Islands, population 70 people, but then I had to leave. My taxi driver, a retired merchant seaman, told me whenever he had reached the islands sailors had never been allowed to land.

This transfer happened after Pearson, concerned at the circumstances surrounding the claim for damage to Fiat cars, refused to press the reinsurers for full settlement of the Savonita claim.

The committee of Lloyd's has now received all written evidence in its inquiry into the affair. It will call for oral testimony before reporting, it hopes, at the end of July. Meanwhile, PWS have said that they are reserving their rights to pursue a possible libel action against WFD in connection with WFD's own report on the claim. I am told that PWS's own feelings about the Savonita case, in general have not been weakened by their defeat by WFD on the cricket field — by no less than eight wickets. But PWS's chairman, Malcolm Pearson, seemed happy.

"At least we managed to get two of them out," he told me.

We think he can. It's our experience that such a man, because he usually has to maintain certain standards in his personal and professional life, finds it difficult to save.

The value of the capital he owns, meanwhile, seems to be disappearing fast.

What is more, he's lucky if his spendable income after tax.

As one of Britain's oldest unit trust groups, we believe it is our job to find answers to problems like these.

That's why we have a comprehensive range of funds and schemes.

Currently, we manage £320 million, and have over 200,000 unit holders.

While we'd like you to join them, we'd rather you first sought the impartial and expert advice of your professional adviser.

If they think we're the right unit trust group for you, then perhaps we can get together and help you, and your savings, fight back against inflation. Even if you do earn £2,000 a year or more.

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"Observer"

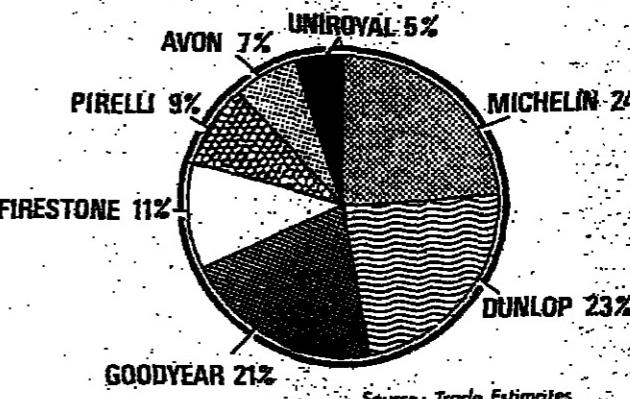
ALLIED HAMBRO  
WE'RE ON YOUR SIDE

# The tyre industry rides the import-export roundabout

BY STUART MARSHALL

## BRITAIN'S LARGEST TYRE MANUFACTURERS

ESTIMATED MARKET SHARE: ORIGINAL EQUIPMENT & REPLACEMENT COMBINED (HOME PRODUCED)



Source: Trade Estimates

industry. It has lost more than 50 per cent of the car tyre replacement market to importers. British companies among them.

Because of the decline of sterling, what the British industry calls "black exports" have been flourishing. Dealers buy from manufacturers through normal trade channels, but instead of being sold retail to British motorists, the tyres are shipped across the Channel by the container load and sold there at highly competitive prices. In 1976, "black exports" of car tyres alone amounted to 1.75m units. Last year they slipped to 1.5m, but are expected to rise in 1978 to 1.8m units.

Now the wheel has turned full circle. Because of rising imports, some of the mainland European tyre factories have inflated inventories. This has led to surplus tyres with famous brand names being sold chiefly to brokers who dispose of them wherever they can.

Many remain dormant, where specialists can buy them for less than they would have to pay for an identical type made in the same manufacturer's British plant.

The American market has also been a happy hunting-ground for Europeans (including British) tyre makers reluctant to convert to radialty construction, because of the enormous cost. The U.S. industry was unable to meet consumer demand in the early 1970s for radial tyres.

Imports from EEC countries have tailed off following the fall in sterling. Some manufacturers, like Kleber-Colombes of France and Continental of Germany, are now concentrating on selling higher-value and specialist types of tyre in Britain rather than trying to compete head-on with popular brands.

Curiously, East European tyres are being produced with the aid of western technology. For example, Taurus tyres from Hungary are made in a plant which depended heavily on technology from Semperit of Austria. Nearer to home is a recent multi-million pound tyre factory, the share of this huge and lucrative market mainly because of higher product quality.

Having barely digested the changeover from crossply to radial construction, the British industry is taking an understandably cautious line on further technological change. Every manufacturer experiments with radically new kinds of tyre, including those which have no reinforcing plies and can be moulded in a single operation. But radialty construction is unlikely to be superseded on any scale until the 1990s at the earliest. In the tyre industry's view, one revolution every 25 years is quite enough.

## THE BRITISH TYRE MARKET

Cars and vans in use	Total replacement tyre sales (new and remould) for cars/vans	Tyre replacement factor	CARS AND VANS	
			1973	1974
19,943,000	22,451,000	1.50	15,126,000	19,661,000
15,273,000	19,423,000	1.27	15,537,000	20,236,000
15,885,000	20,200,000	1.29	15,950,000	20,500,000

\*Estimate

replacements will be more steel tyres.

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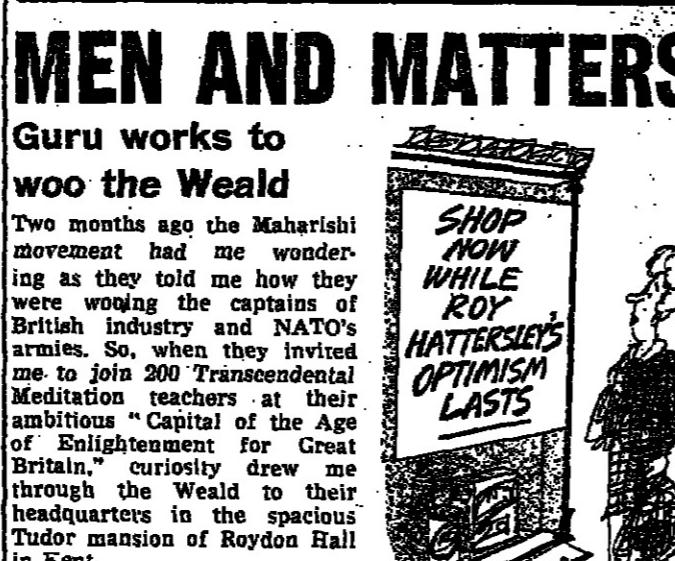
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ALLIED HAMBRO  
WE'RE ON YOUR SIDE



Two months ago the Maharishi movement had me wondering: as they told me how they were won over the captains of British industry and NATO's armies. So, when they invited me to join 200 Transcendental Meditation teachers at their "Capital of the Age of Enlightenment for Great Britain," curiosity drew me through the Weald to their headquarters in the spacious Tudor mansion of Roydon Hall in Kent.

I had hardly walked through the door before one adept was telling me that he could no longer fly in the lotus position as he had dislocated his knee. This, he was told, was almost standard for those studying the Siddhi techniques used by the movement but that for the time being there were only a few who could make themselves invisible or walk through doors. Could I see this? I asked, only to be told that the movement's founder, His Holiness Maharishi Mahesh Yogi, did not like his followers to show off.

At the previous meeting I had attended three businessmen had turned up to hear reports of employers' claims that teaching TM "was the best investment I ever made" and reduced absenteeism. But, this time, even more serious business was afoot. The Maharishi movement believed that when more than 1 per cent of the population of a city meditated accidents decrease. Hospital admissions later in the week representatives of Mongolia and Taiwan are to speak at Roydon. One spokesman told me that the whole of one Latin American cabinet which recently took office mediates.

The Maharishi had been due to telephone us from his Swiss headquarters at mid-day. At 1.45 the telephone call came through but the line went dead so a guitarist played us Green-sleeves. We sat back on the lawn and eventually the call was reconnected to the loud

# FINANCIAL TIMES SURVEY

Tuesday, June 13 1978

# FRANCE

The re-election of the Centre-Right coalition in the March general election is likely to lead to a period of greater stability than in the recent past. Taking advantage of this a revolutionary experiment in industrial policy has just been set in motion.

**FOR THE** first time for two years France is back to normal. French who like to pretend that they hold radical ideas because it is uncertain about the country's political and economic future, which had restricted the Government's freedom of action and created a depressed business climate. The endless election campaign, punctuated by dramatic quarrels between political elites in both camps, had taken an obsessive hold of the French people. The news media, even a year before the election, could talk of little else than the domestic political situation. By the time the election came round the whole country, except perhaps the tireless Gaullist leader, Jacques Chirac, who is always asking for more, was in a state of utter exhaustion.

### Comfortable

While it can hardly be claimed that the unexpectedly comfortable victory of the Centre-Right coalition was thanks to outdated constituency boundaries which favour the Right and would long ago have been redrawn in a more equitable way in most other western European democracies. In percentage terms, the Government was clear many months before voting day that the rift between the Socialist and Communist parties was so profound that even if they won the election, the country would be faced with a long period of unstable government with dire consequences for the economy.

With hindsight, many observers of the French scene maintained that the outcome of the election was predictable. It left from presenting the electorate with acceptable terms. By

attempting to force the Socialists to spell out what was still a reasonably flexible common programme which could be adopted by Francois Mitterrand as Prime Minister, would soon have no means of changing economic circumstances, it was courting disaster. The Socialists rightly argued that the original nationalisation junior partners in an essentially

a great risk that what would the only representatives of the Left thin has lessened his dependence on the Gaullists, adopted a very low profile as a much less reliable other member of the coalition. Although his very considerable energies

to sniping at the Government in his capacity as Mayor of Paris.

No-one believes, of course, that M. Chirac's uncharacteristic restraint is anything but temporary, and it is generally

expected that he will run for the presidency against M. Giscard d'Estaing in 1981.

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mond Barre, reappointed as Presi-

dent as Prime Minister,

has pledged to pursue his

economic stabilisation policies

for another 18 months, he has

initiated a brand-new industrial

policy, which is nothing short

of revolutionary in French

terms. Abandoning France's

traditional policy of price con-

trols, which has been singularly

unsuccessful in curbing long-

term inflation, the Government

will free industrial prices pro-

gressively by the end of the

year. The quid pro quo for this

concession to industry is that

it will be required to stand on

its own feet and can no longer

expect automatic Government

hand-outs whenever it is in

trouble. Lame ducks will be

helped only if they can prove

that they are capable of curing

their infirmity, and after the

recent substantial price rises

granted to the State-owned

utilities and public transport

boards, the Government intends

to start phasing out its massive

subsidies to the public corpora-

tions.

In the Prime Minister's view,

France is still precluded by

balance of payments and indus-

trial constraints from adopting

any major expansionary

measures. Though orders have

picked up and the investment

climate has improved since the

election, a substantial external

stimulus is needed before the

French economy starts ticking

over satisfactorily again. To a

large extent, therefore, the

success of M. Barre's economic

policy depends on whether

agreement on a concerted



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Rack and pinion steering for precise and

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A tremendous amount of research and money has been expended in building an Experimental Safety Vehicle. Numerous active and passive features, thoroughly tested and proved on this Safety Vehicle have been "built-in" to the design of the 305—a rigid "cell" has been constructed around the passenger compartment—all possible angles of impact have been considered and attention given to every minute detail.

And then the body style—you told us that too often this was boring—humdrum. We remembered well your comments, the result... what you see above.

To enable you to choose according to your particular requirements, a 3-model range has been developed, the 1300 cc GL and GR, and the 1500 cc SR, each with a high level of standard equipment and available in a range of beautiful colours. And there's a wide variety of options such as metal sunroof, electric front windows and tinted glass.

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We are very proud of our 305, we think that our designers and engineers have done a fine job, and you can imagine our delight when we read that the Times motoring correspondent thought the 305 was "probably the best new car I have driven this year" (Nov. 1977) and "the 305 sets such a high all-round standard that it must rank as one of Europe's best middle-range models" (March 1978).

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			Constant 56 mph	Constant 75 mph	Simulated urban driving
305 GL	£2999	1290 cc	43.4 mpg (6.5L/100 km)	31.0 mpg (8.1L/100 km)	29.7 mpg (9.5L/100 km)
305 GR	£3299	1290 cc	45.5 mpg (6.2L/100 km)	33.6 mpg (8.4L/100 km)	31.7 mpg (8.9L/100 km)
305 SR	£3599	1472 cc			

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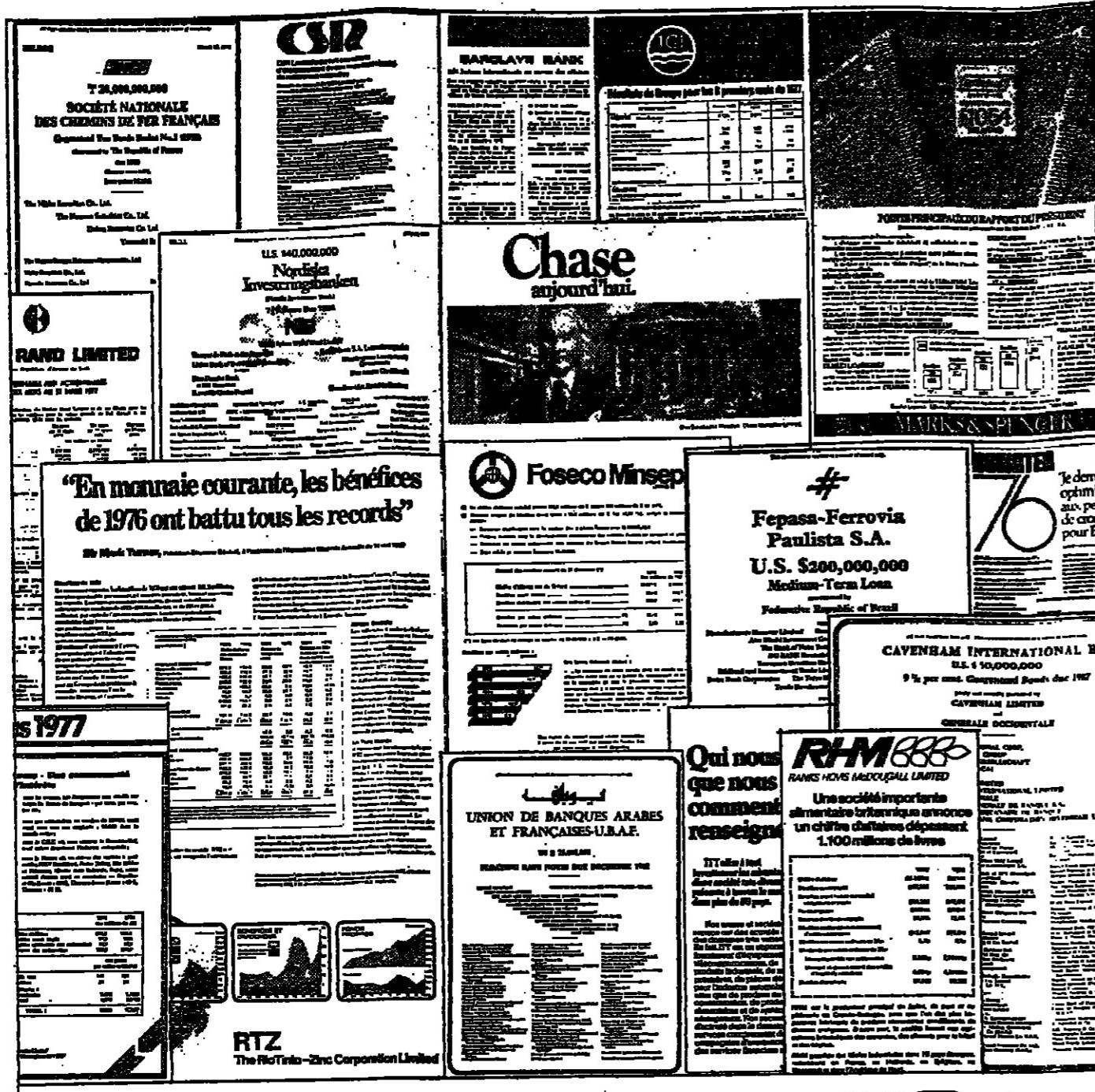


World famous for strength

\*On 305 GR: optional sunroof—£115. On 305 SR: optional "luxury pack" including sunroof, electric front windows, tinted glass, laminated windscreen and map reading light—£265.  
All prices inclusive of VAT and Car Tax—Delivery and number plates extra. Prices correct at time of going to press. \*Figures in accordance with official Government testing procedures.



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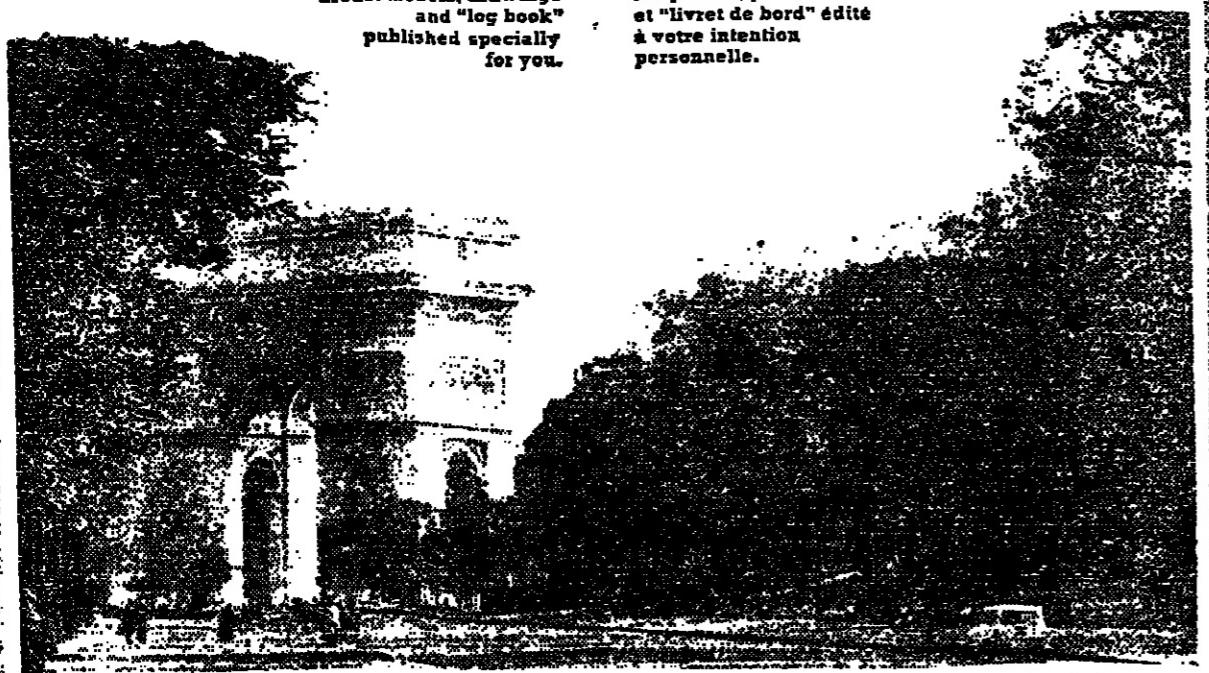
Would you like to live on Avenue Foch in Paris? Then you might as well live on the east side the right side as to do down. The sunny side. The number 50 side. All the great streets of the world have their best side. On Avenue Foch for a century the most sought after has been the even number side. The 50's side.

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## FRANCE IV

### ENERGY POLICY

# A long road to self-sufficiency

IT USED to be said that France was a country which had everything. More generously than any other Western European country, which made it self-sufficient in food, and with a dynamic industry which has been built up since the creation of the Common Market, the French economy appeared to others to be an Eldorado. But that was in the days when oil could be bought for peanuts. Everybody, including the French, had forgotten that France, so rich in other ways, was poorer than most in indigenous energy sources. It took the world oil crisis in 1973, when the price of this essential commodity was quadrupled, to bring home to the French the seriousness of their economic

had deteriorated to 9.7 centimes per kWh in 1976 compared with 13.3 centimes for 20 per cent of its total energy requirements. Within two years, electricity produced by an oil-fired power station and 11.6 centimes for that produced by nuclear origin. Set against the some Frs. 250m.

Other factors also contributed to the modification of the original targets. As the result of a number of unexpected technical difficulties which were remain in the vanguard of new reactor technology and also entered in the construction of the first U.S. Westinghouse, sure its long-term security of licensed Pressurised Water Reactors and the application of plains its refusal to bow to U.S. stricter security and geographical norms following protests by ecologists, nuclear power stations have come on stream at a slower rate than originally planned.

In all three fields, it is now the first of the new series of reactors, situated in Alsace, was plugged into the grid only last April, two years behind schedule.

At the same time, financing problems have become increasingly serious. Electricité de France (EdF), the State electricity utility, has been obliged to mobilise enormous sums to fund the nuclear programme. In 1977 its need for finance was Frs. 20bn, and this year its requirements are estimated at Frs. 20bn. EdF's capacity for self-financing are strictly limited in the present economic context. Its cash flow has been kept down both by ever-increasing construction costs and delays in the commissioning of new power stations. It has thus been forced to go to the international market, where it borrowed Frs. 9bn in 1977, and it will require an additional Frs. 18bn in the current year.

The high cost of financing the nuclear programme and the delays in its implementation has led the SDF to order at least one coal-fired power station, which will be built at Le Havre, and to ask the Government for authorisation to construct a number of gas turbine stations.

In spite of everything, however, France clearly cannot afford to do too much cheese paring on its nuclear programme, given the lack of viable alternatives. The target for new capacity has been reduced to an annual rate of 5,000 MW which, taking into account the energy which is expected to be saved over the next eight years or so, would still enable the peaking for the scarce mineral.

### Cost

Because of the high cost of the venture—initial investments including the first fuel charge are estimated at some Frs. 5bn—and the prospect of substantial foreign sales, the French have associated themselves with the West Germans and Italians in a company called NERSA which will operate and control Super-Phénix. EdF, however, has the lion's share in NERSA with a stake of 51 per cent.

The new fast breeders have the great advantage of producing more plutonium than they consume and of burning natural instead of enriched uranium. This means that France will become progressively less dependent on imported supplies, but the effects will be felt only in the very long term. It is not until the year 2,000, that the country's consumption of natural uranium will begin to decrease.

In the meantime, considerable efforts have been made to ensure that France will not be short of uranium. Under the Government's "Plan uranium" adopted in 1977, public loans are offered to companies pros or so, would still enable the peaking for the scarce mineral.

R.M.

## GOVERNMENT AND INDUSTRY

# New strategy unveiled

THE French Government has Frs. 31bn in 1978.

While the production situation has improved slightly since companies their right to fix the financial situation is little short of catastrophic. At the moment the industry is carrying competition, providing incentives and aid for the development of new technology, and of Frs. 35bn in debt for a turnover of Frs. 35.5bn—a cool 113 per cent of indebtedness to sales.

France, therefore, had little choice but to go nuclear in a big way, while at the same time stepping up its efforts to diversify its sources of imported energy, reduce its oil consumption and develop new sources of energy such as solar power.

The first really big boost to France's nuclear programme was given by M. Pierre Messmer's Government in 1974, only a few months after the western world had been faced with the bitter truth that the era of cheap energy was well and truly over. At the time, France had an installed nuclear capacity of no more than 3,000 MW. The Messmer plan provided for a sharp increase in this capacity to 45,000 MW by 1985 at the rate of some 6,000 MW per year and a total investment cost estimated in 1975 at some Fr. 100bn.

The programme has since been revised downwards for several reasons, although it remains one of the most substantial in the western world. Because of the slack international economic climate and the consequent slowdown in the rate of growth of the French economy, forecasts for electricity consumption fell sharply. The cost advantage which nuclear electricity had in 1973, thanks to the jump in oil prices, has also rapidly eroded since then, without, however, disappearing completely.

Whereas, in 1974, the price of nuclear electricity was about half that of conventional electricity—4.5 centimes compared with more than 10 centimes per kWh—in 1977, the relationship which had recorded sales of 16,000 jobs, heavily concentrated in Lorraine, in the east of the country. The situation which provoked the crisis was an industry carrying Frs. 31bn in debt—twice what it had in 1973. The relationship which had recorded sales of

ment must be prepared to play ball—around 20 per cent of the debt is owed to the Government. The industry wants a consolidation of debt accompanied by some sort of moratorium and it is hoping to get the Government's response before the holidays.

On the prices front the picture is more encouraging. The 5 per cent January rise imposed by Brussels in fact translated into a 15 per cent rise in France because it was calculated on a price level well above the level actually being practised in France at the end of last year.

The April rise, because of the recalibration of values in relation to the unit of account, added some 4 per cent for France, leaving prices slightly above their July 1974 level. There is a 10 per cent rise still to come, so the industry stands a reasonable chance of getting the overall 25 per cent increase in the year that it thinks necessary to start moving back into profitability.

Last year the Government's economic and social fund FDDES advanced Frs. 1.3bn to the two companies and they have had a further Frs. 500m between them for this year. Both groups have begun the re-organisation of their activities to meet eventually the Government's desire to see their basic steel-making activities associated more closely with downstream operations, which are likely to be more profitable.

The industry claims that it cannot generate any momentum for recovery while it is carrying such a burden of financial charges and that a rescheduling of debt is essential. As it could not afford to default in any way on its borrowings from small investors via the GIS, which raises fixed interest rate money on the Paris market, this means that the banks and the Govern-

ment must be prepared to play ball—around 20 per cent of the debt is owed to the Government. The industry wants a consolidation of debt accompanied by some sort of moratorium and it is hoping to get the Government's response before the holidays.

The remainder of the jobs have gone through early retirement (at 50.4 years), voluntary departures and the return of around 1,000 former workers with a Frs. 10,000 payment in place.

CONTINUED ON NEXT PAGE

## FRANCE V

## THE STATE SECTOR

## Purge gets under way

**SPRING IN** Paris this year gatons on each side — a "know was not, only cold — it was where we stand" approach. The Government. The French State sector is determined in the wake of its large. Depending on how you election victory to take French define it, it accounts for 11 per industry, by the scruff of its cent of industrial employment neck and shake it into come and the same proportion of in-pitiveness had made a solid industrial added-value. One M. start by decreeing a sharp rise Edouard Bouefous, president in a number of tariffs directly of the Senate's Finance Committee. Coal was to sion, has made something of the go up by nearly 3.7 per cent; hobby out of tracing the pr railway tickets by 15 per cent; cess of "creeping nationalisation" of French industry via the with freight to cost around 10 per cent more; stamps 20 per diversifying activities of State developed a taste for the New York market; Frs 2.5bn in more; metro tickets up owned companies. He claims from Frs 11 to Frs 12.25 for that whereas in 20 years the local capital market and some Frs 1.6bn from the State via loans or capital increases. M. Raymond Barre admitted that this would cause a few months of bad cost of living figures, but he was unrepentant. There was a clear difference, he said, between price rises occurring against a background of a wobbly currency, unhealthy trade balance, wages out of control and excessive monetary expansion and the rises which took place in a planned fashion against the background trustee and popular savings banks. You find that the State currency; a restored balance of payments and firm supervision of the money supply. These "curative" rises were essential if the inflationary budgetary deficit of the State was to be reduced.

M. Barre has never failed to give an opportunity. This year the State — that is, the large chemicals and fertiliser offshoot; the 70 per cent State subsidies to the public sector of Frs 30 bn (almost £4bn). Without a price increase the State-controlled (51 per cent) SNCF railways would lose Frs 5.7bn this year, while the total to the system Inter, the shipping lines Transat and Messageries maritimes would approach Frs 14bn. The increase in public sector tariffs to more realistic levels is one of the lines of attack decided on by the Government in its campaign to tackle a colossal investment programme to give France 20m interest market and the deficits in the public sector. The telephone subscribers by 1982, other elements are a severe look and the gas and electricity in a category by themselves are the post and telecommunications network, currently under-taking a colossus investment programme to give France 20m interest market and the drawing up between the nuclear energy. State and the enterprise concerned a sort of formal treaty EDR, is one of the most setting out the rights and obligations of consumers of capital, question of the complete from contracts with

Last year it had a turnover of elimination of subsidies. How Frs 36.2bn giving a rise to an ever, the State sector seems operating profit of Frs 1bn likely at least to follow the (against a Frs 620m loss) and general evolution of prices in the economy generally.

Its total financing needs for grammes and the search for the year were Frs 17.3bn, including Frs 13.2bn investment, though but it was able to raise only 43 per cent of this through self-financing. It raised Frs 9.1bn in new debt including Frs 3.8bn in foreign currency (EDF) with freight to cost around 10 per cent more; stamps 20 per diversifying activities of State developed a taste for the New

York market; Frs 2.5bn in more; metro tickets up owned companies. He claims from Frs 11 to Frs 12.25 for that whereas in 20 years the local capital market and some Frs 1.6bn from the State via loans or capital increases. M. Raymond Barre admitted that this would cause a few months of bad cost of living figures, but he was unrepentant. There was a clear difference, he said, between price rises occurring against a background of a wobbly currency, unhealthy trade balance, wages out of control and excessive monetary expansion and the rises which took place in a planned fashion against the background trustee and popular savings banks. You find that the State currency; a restored balance of payments and firm supervision of the money supply. These "curative" rises were essential if the inflationary budgetary deficit of the State was to be reduced.

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negotiating "company contracts" with enterprises which lay down specifically both the management goals to be achieved replacement of Caravelles by the resources to be made available. Two concerns have so far signed such "treaties" — that Air France becomes the

Air France and the civil industry lead airline for the eventual course of negotiations, the it lays down specific financial electricity authority and the compensation for each Caravelle price freedom, fixes the level of

The interesting part of the strategy is the notion of and company on a clear foot-

bodily from State interference over the past few years. Notably it had been obliged to maintain in service a fleet of elderly and again specifies compensation quite clear for the benefit of Caravelles because there was no sation, while the entire Concorde investment has been taken frontier between its freedoms available: to divide its operations out of the airline's books, in and State imperatives. For the Roissy and Orly; and to operate Concorde. All these obligations were compensated, but the airline had no idea of the direction in which it could travel.

Further clauses deal with growth expectations and productivity — it is a fairly comprehensive planning agreement — the employers, who themselves are having price freedom restored to them, have been one of the first to complain about the effect of public sector price rises on their costs. It will be an interesting test of M. Barre's political weight and of President Giscard d'Estaing's political nerve how far and how quickly the Government goes in its commitment to restore a liberal competitive economy.

David Curry

## Strategy

CONTINUED FROM PREVIOUS PAGE

At the end of 1976 the steel industry workforce numbered around 153,700. Twelve months later it was down to 142,700 and by April next it should be 135,000.

Another of the sectors the Government is itching to restructure is machine tools.

The No. 2 of the industry, Ernault-Somia (3,000 workforce and losses of Frs 34m last year) is also backed up by a powerful group, in this case the Empain-Schneider empire. But the dependence on a handful of large value contracts for its exports; the relatively small size of the companies and, of course, very severe losses.

There are twin lines of attack by the Government: the attempt to promote the reorganisation of the industry round a smaller number of "poles" and the creation of looser groups of smaller companies to undertake this strategic stake at the Forest part of the group with its Frs 17.3bn of turnover but

years, particularly as they have had to suffer severe price limita-tions while in some cases sus-taining ambitious investment programmes. In the case of the railways this decline has been calculated at from 76 per cent in 1970 to 36 per cent last year.

The Government has defined four areas of concern in the State sector: operating losses; cash needs; the level of sub-sidiaries and the semi-state Institut pour le Developpement Industriel (IDI) plays a leading role.

The country's leading machine tool maker is the Renault motor company. Its own division plus the seven sub-sidiaries it controls give it a group turnover of around Frs 365m, of which around a half

comes from sales to the company's motor divisions and a

first step, and the Prime Minister has been at pains to emphasise that there is no significant part of the remainder

Europe. While Renault is not intending heavy investment in book is heavily geared to industry. In addition, the law prescribes that oil imported for men's offer to Third World

the home market must be countries.

According to the Syndicat des Constructeurs Francais de Machines-Outils (the industry's trade federation) production in

1977 fell from 85,454 tonnes to 71,200 tonnes of which just over half was for export to a value of Frs 1.32bn, some 3.37 per cent up in value over 1976.

The body covering metal transformation and mechanical industries says that orders have

picked up lately (40 per cent of the industry in terms of group turnover (Fr. 290m). Ratier-Forest-GSP, particularly the last year but that the customers

are still smaller companies

with 1,100 workforce. The big

Ratier clients, deterred by the cost

of money (although the cost

of oil groups to Brussels seeking regulation of ex-refinery prices

and of investments and both

would prefer the solution to

cheque-books.

In shipbuilding, Government aid is running at about FFr 1.5bn a year and the

Transport Ministry is refusing

any more. The industry says

that unless aid is stepped up

considerably French yards will

be completely unable to com-

pete in world markets and that

capacity is 10 years old against

only 40 per cent in Japan.

Carrying on to the oil in-

dustry, this has complained for

years that the prices it can

charge at the pump are in-

adequate. In fact a law of 1978

giving the State power to con-

trol the import, refinery,

and distribution of petroleum pro-

ducts makes this sector one of

some competitors by their

broad details of finance settled policies.

The contracts are not a magic formula for profitability but they have the merit of making it quite clear for the benefit of Caravelles because there was no sation, while the entire Concorde investment has been taken frontier between its freedoms available: to divide its operations out of the airline's books, in and State imperatives. For the Roissy and Orly; and to operate Concorde. All these obligations were compensated, but the airline had no idea of the direction in which it could travel.

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David Curry

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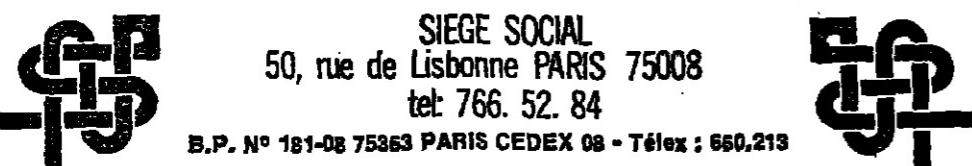
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**FRANCE VI****BANKING****The seats of empires**

THE STATELY Parisian monuments where the big French banks have their headquarters, with their high ceilings and carpeted corridors, are becoming more and more the seats of empires. The rapid expansion of French banking overseas in recent years expresses a dynamism that belies their

and medium and short-term export credits. Between them, these two categories make up a-fifth of all domestic lending, which meant that last year, for instance, when the big banks were pinned down to 5 per cent growth in their normal credit operations, the total volume of loans actually increased by 14 per cent.

The prospects are that credit controls will stay in one form or other for some time, adding to banks' interest in their export credit activities. Most bankers seem resigned to this, even though the Government is now freeing its controls on industrial prices; the Government's policy is aimed at strengthening companies' own financial base and not at letting go on the money supply. Bankers have proposed other means of control—such as a fixed ratio between banks' capital and the amount they are allowed to lend—and many still complain; M. Jean-Maxime Léveillé, chairman of Crédit Commercial de France, has called the controls "barbarous."

But it is not just the controls that are forcing bankers' arms. The slowdown in the domestic economy has meant that in any case demand for credit is low. In the second half of last year, it did not even hit the ceiling. The banks were left with a good deal of wind in their lungs.

The proportion of overseas earnings is larger among some of the top U.S. banks, but this is largely due to the special role of the dollar; in French banking terms, it is unprecedented. Besides the general movement towards internationalisation of banking, there are several reasons behind this trend. French banks have since 1972 been subject to Government controls aimed at keeping down the growth in money supply, in the form of strict ceilings on each bank's percentage increase in credit operations.

The two main exemptions to these controls, in the obvious interests of helping to restore France's trade balance, are numbers of families who had loans for energy-saving projects kept their money at home with

the Comptoir National des

d'Escompte de Paris, one of the first foreign banks des Petroles (the total bil come

to open a London branch)

and Pechiney-Ugine,

one of the major chemicals combine.

Other banks are heavily in

the banks are now leaning

towards setting up notably Banque de Paris et des

Pays-Bas (Paribas), which has

been international since its

long-established.

Credit Industrial arrived there in

1966-67, when the banking

of BNP, which has just opened

branches or accept deposits.

System was liberalised and the new offices in King William

Industrial holdings in France in

distinction between deposit

Street, dates back to 1867, when

the Comptoir National shares in the Thomson

virtually erased, saw a massive

one of the first foreign banks des Petroles (the total bil come

to open a London branch)

and Pechiney-Ugine,

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Credit Industrial arrived there in

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branches or accept deposits.

System was liberalised and the new offices in King William

Industrial holdings in France in

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## FRANCE VII

## THE STOCK EXCHANGE

# Bourse regains its industrial role

EVER SINCE the French income from share disposal will be taxed instead at flat 30 per cent rate on their profits, one of its priorities was to be the restoration of the finances of the company sector, the make significant profits the rate of exchange (Bourse) as a vehicle for the raising of industrial sales at which the tax is applied capital has become a central debating point.

The restoration to the Bourse of its role as an instrument for company restructuring parallel policy of encouraging the flow of savings into equity capital is the subject of a series of legislative projects which will begin their career in the National Assembly over the summer.

At the same time the Government has grasped the particularly prickly nettle of the come. Losses can be offset by gains of the same nature linking together the passage of a new law on capital gains with years.

The new capital gains tax, the measures encouraging the flow of savings into investment, while attacked as contradictory

While encouraged by the Government's intention to apply to the value of the sales of savings in industry, was a thinks that the reforms do not political necessity to fulfil the go far enough, and in particular Government's promises of would like to see more benevolent fiscal equality. In fiscal conditions for the raising addition, it could not abandon the idea of a capital gains tax without appearing to give in to the Gaullists — nor could it implement the existing measure without incurring their open rebellion.

**Opposed**

Let us start with capital gains. The measures to encourage the flow of savings into industry should become law by the end of June. The main measure introducing capital features are as follows:

• Families will be able to deduct from their taxable income, thereby allowing a progressive taxation.

With the Gaullists fiercely opposing their own enfeebled party, to which M. Chirac himself belonged, and the Prime Minister led from behind, thus making it clear that his heart was not in the battle. In the course of its passage the measure was水遁した that it emerged in a virtually incomprehensible form.

The underlying principle of the tax was the addition of profits from share dealing to income, thereby allowing a progressive taxation.

With the Gaullists firmly opposing their own enfeebled party, the Bourse in a state of pre-election gloom, and with even the accountancy profession declaring the tax to be largely beyond comprehension, Prime Minister M. Raymond Barre postponed its application to January 1979, and during the election campaign promised to review the entire basis of it so as to make it more simple.

The Government's new propositions rest essentially on the imposition of a fixed rate tax irrespective of the length of time shares have been held in portfolio, but there is an exception made for so-called "professionals" where the idea of addition of gains to income has been retained.

The basic propositions are:

• Habitual dealers — defined in relation to the speed with which they turn over their portfolios — will be taxed on sales above the level of Frs 50,000 a year. The form of taxation depends on whether they get these measures should direct more or less than half their total income from disposal of shares. Those who gain more than half will have their global revenues from all sources taxed together and they will be subject to income tax which the persistent pleas of industry are up to 60 per cent. Those who get less than half of their

would cost some Frs 2bn in

lost revenue — a sum which is too heavy in the light of the The official statistics institute INSEE has calculated that the Government is facing this year and next.

The Bourse is looking to these measures to help it tackle one of its leading problems — and times; salaries and social one of industry's main problems charges 3.5 times and interest the pre-eminence of the fixed charges 5.8 times.

Interest issue over the equity INSEE reckons that the level and the consequent increase in cash-flow has diminished by the indebtedness of industry at 28 per cent and that the part in the expense of self-capital. Last year, for example, of the Frs 61.3bn in new money raised on 10 per cent. It says interest the Bourse almost 84 per cent charges represented 4 per cent was by way of bond issues at of value-added in 1967 against 6.5 per cent in 1976.

M. Francois Ceyrac, the head of the Patronat employers organisation, has added his voice to the plea for action. He says that in 1960 30 per cent equities have never recaptured the position they held in the 1960s before the creation of the fixed interest issue of maturities of up to seven years. Whereas shares accounted for 69 per cent of transactions in 1968 the proportion was only 45.5 per cent last year.

This is a delicate problem because a substantial part of the money raised via bond issues is raised by semi-Government institutions, though much of this is re-lent to industry. Neither to British eyes — is that this deliberate policy of freezing prices and promoting what is after all (again in British terms) unearned income is taking place against a background of continued sharp control of wages.

Another Government project is to legislate to improve the quality of company information made available to shareholders notably by compelling the production of consolidated accounts.

Although French industry thinks the policy could go further, it is difficult to see how any British Government could even tip-toe to the threshold of such a policy without being accused of perpetrating the most dastardly form of social differentiation.

D.C.

Maker	MOTOR PRODUCTION 1977 (private cars and small vans)			
	French output	Overseas output	Exports	Domestic registrations
Renault	1,259,000	325,163	634,794	640,384
Peugeot	676,109	26,340	342,140	336,425
Citroen	667,280	47,321	344,429	320,389
Chrysler	476,365	63,828	293,746	180,031

Source: Chambre Syndicale des Constructeurs d'Automobiles.

## Production

CONTINUED FROM PREVIOUS PAGE

450,000 vehicles a year capacity. of Renault's position. Renault has also been anxious to develop its "southern strategy" based on increasing the first four months of the inter-dependence between its year was 15 per cent down on French, Spanish and Portuguese operations. At the end of last year it concluded an agreement virtually entrusting it with Portuguese motor industry development, for which an initial Frs 1.3bn investment is planned with Portuguese interests. The number of 4s, 5s and 12s assembled will rise from 10,000 to 60,000 a year, themselves are suffering from with the local content also increasing. An engine plant geared to exports and dependent heavily on local components will be built, and a wide range of components will also be manufactured.

Peugeot has also expanded its more limited overseas interests. In November it signed an agreement with Iran National which foresees the eventual construction of 100,000 units of a version of the 305 some five years after production begins around 1980. The local content will be stepped up progressively, but Peugeot reckons that if it were to supply about half the content of 100,000 a year this would represent exports of some FFr 600m a year.

The motor industry's real disaster area is commercial vehicles, where the Renault Vehicles Industrielles subsidiary is desperately trying to keep its head above water. Unofficial figures put the Renault 1977 loss at more than Frs 70m against Frs 123.5m profits in 1976, while its stable companion Berliet saw a Frs 380m profit slump to a reported loss of more than Frs 170m. However, a good Frs 100m of joint losses will be due to provisions for early retirement. Turnover is expected to be 3 per cent down in volume.

The problem is the deep depression in the market coupled with a fierce price war launched by the importers inaugurated by Mercedes and taken up by Volvo. At the same time, the Fiat-Fructus operation has made serious inroads on the market, though more at the expense of other importers than



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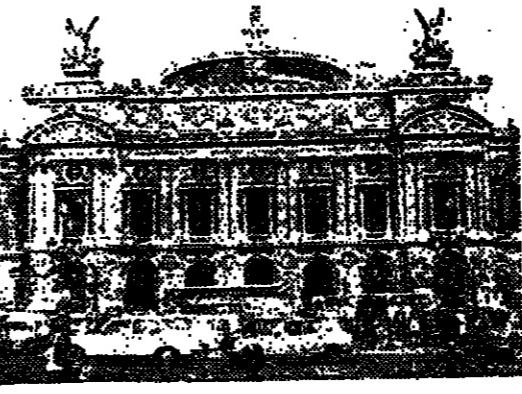
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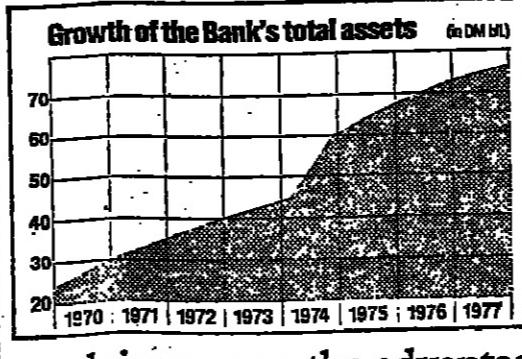
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D.C.



# MATRA

Registered Headquarters: 4, rue de Presbourg—75116 Paris. Tel. 723.54.04

Through its four main activity sectors: military, space, civil and automobile, MATRA is constantly spear-heading advances in the state-of-the-art, relying on a sum-total of experience and expertise that few firms can claim to equal.

## PARENT COMPANY (in million Francs)

	Turnover (excluding taxes)	Net Profit
1976	1,472	25.9
1977	1,794	87.5

The breakdown of the Parent Company's 1977 untaxed turnover by sector is as follows (in million francs):

	Turnover
Military activities	1022.8
Space activities	281.3
Automobile activities	315.6
Civil activities	174.3

Taking into account the activity of the subsidiaries and eliminating the inter-group services, the untaxed turnover of the MATRA Group for 1977 amounts to 2,104 million francs: non-military industrial activities account for half of this total.

## Military Sector

In addition to producing conventional aeronautical weapons (consisting essentially of rocket-launcher systems) MATRA has designed, developed and manufactured self-guided missiles, as sole or prime contractor for such systems and associated itself with various national co-operators of high industrial reputation.

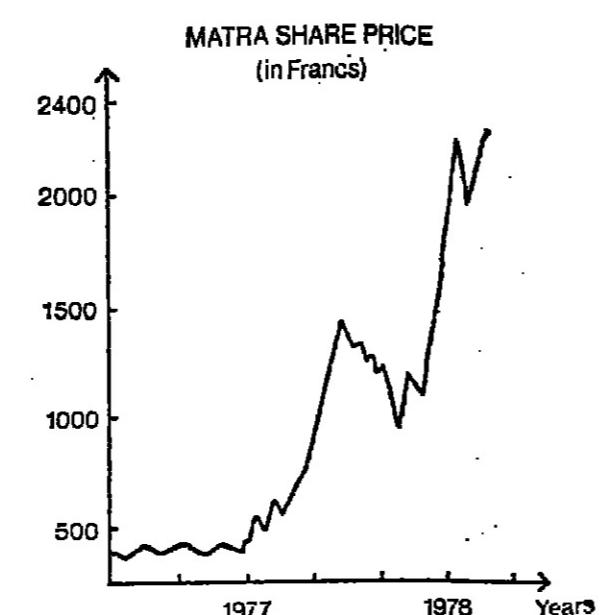
MATRA has specialised in the production of various types of missiles: air-to-air (550 MAGIC for close-up aerial combat), surface-to-air (CROTAL system developed by THOMSON/CSE for very low-level defence), air-to-surface (MARTEL anti-radar version developed with HSD); anti-ship, ground-to-sea, air-to-sea (OTOMAT anti-ship missile, long and very long range).

MATRA has also produced sophisticated air-to-surface and weapon systems such as BELUGA close-up support, and DURANDAL for the destruction of airfield runways.

Finally, MATRA has developed the very advanced air-to-air interception missile, the SUPER 530, with great snap-down capability, for which the French Air Force has just placed a standing order. When it enters service the SUPER 530 will certainly be the most sophisticated, high-performance, air-to-air missile in its class.

## Space Sector

In fifteen years of space activity MATRA has gained an enviable international reputation. It is engaged in all the European programmes: OTS (telecommunication satellite), its maritime version MAROTS, the radiometer of the METEOSAT meteorological satellite, the ARIANE



launcher equipment case, and the on-board data processing system of SPACELAB. Finally MATRA is to be awarded the contract for building the French Earth Observation Satellite—SPOT.

## Automobile Sector

After having gained three consecutive victories in the LE MANS 24-hour race, MATRA withdrew from competition in 1974. The Company mass-produces, in its Romorantin factory, two car models:

—The MATRA SIMCA BAGHEERA, an original three front seat coupe

—The latest product, the MATRA SIMCA RANCHO, a "Field Rouanne" that has achieved a great commercial success since it was launched in June 1977.

## Civil Sector

The activity of this sector is essentially concentrated in four fields:

—Aeronautic transport systems (construction of the Lille Metro-France) and airport development.

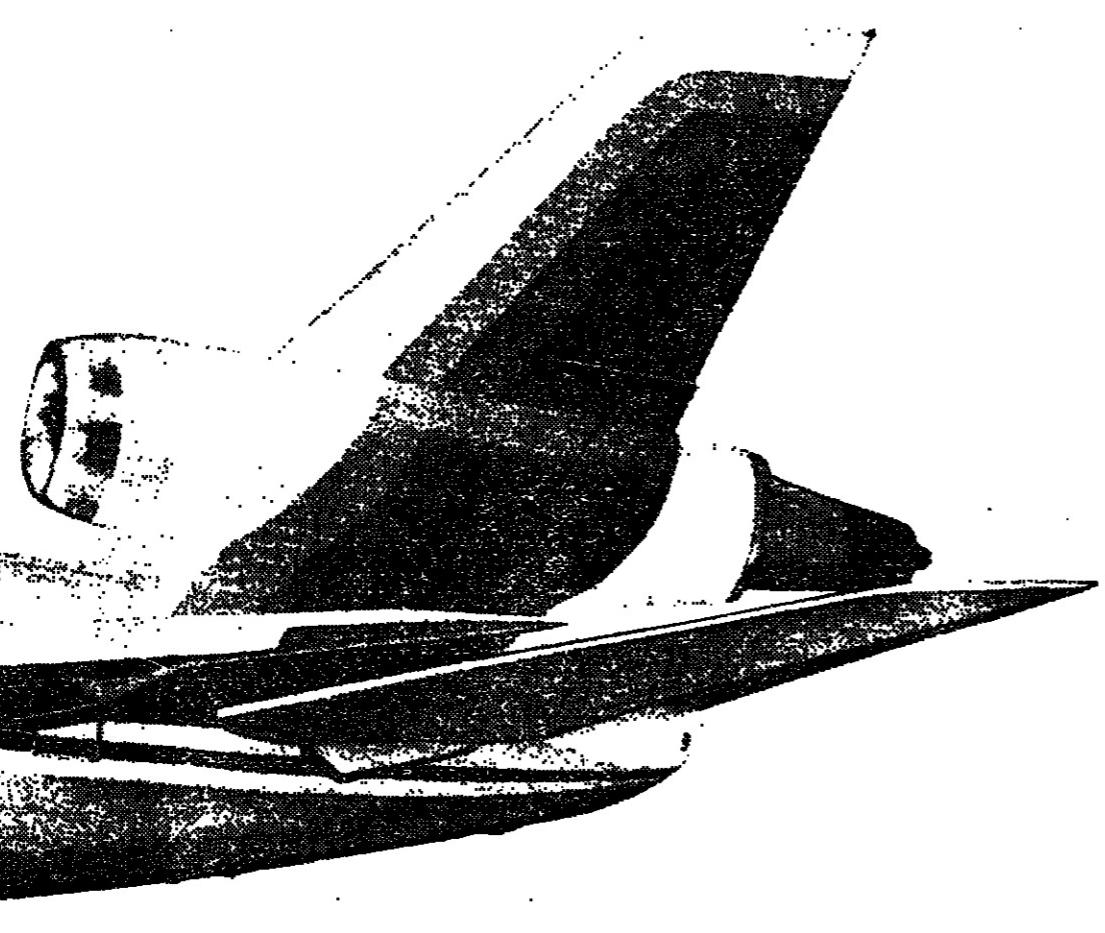
—Optics, producing in particular equipment and systems in the Photogrammetry, aerial reconnaissance, photography and terrestrial resources teodetection fields.

—Industry, regrouping the telesupervision (especially for power carrier networks) and the Off-shore oil drilling and extraction fields (Control units of submerged systems).

—Telecommunications: visiophone, telecopier for the general public, aids to telephone operation, tele-distribution and postal mechanization.

## MAIN SUBSIDIARIES

	Percentage held by MATRA	Turnover (untaxed) 1977 Frs. m.	Activity
INTERELEC	75	63.7	Making of automatic control systems for urban transportation
MATRA ELECTRONIQUE	90	50.8	Professional electronics
MATRA INFORMATIQUE	55	84.0	Data acquisition and processing
GIMT	43	242.8	Rail rolling stock
COMELEM	58	47.2	Printed circuits



# Is there a secret drinker at the back?

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# FRANCE VIII

## AEROSPACE

# Time for decisions St

sion. The company reckons that in the third quarter of this year it will still be around 20,000 hours a month short of work but that it should reach the level of some 320,000 hours per month at the start of next year. Its production line for Concorde will be replaced by that for the Transair for the Air Force, providing some 2,000 jobs, and the Mirage 2000 work for Dassault should replace the super-Frelon helicopter production line. The Mirage 2000 production rate should reach four a month in 1983. The speeding up of the Falcon 50 and Airbus lines will provide some more work and output of the Mirages F1 may go from six to seven a month.

Aerospatiale's missile activity has already been mentioned. To the Franco-German collaboration must be added the Exocet sea-to-sea missile developed in co-operation with the UK and the ground-to-ground Pluton missile with a nuclear warhead, as well as a series of first-generation missiles and a range of target and pilotless vehicles. The company also has a significant stake in European and French ballistic programmes.

It is a matter of fundamental national strategy that France should remain competitive in areas of high technology, not only to safeguard her own independence but to be present on the high-value export markets of the next generation. This means in particular developing the capacity to compete with the U.S. or adopting and "naturalising" American technology where necessary. Usually it means a combination of these and aerospace is a prime example. The Airbus is U.S.-powered and the new JET, which will be of European conception, will be powered by a Franco-American engine built around the power unit for the now abandoned B1 bomber.

At the same time the French industry recognises that it has no choice but to play the European card: the Concorde, the Airbus, the Jaguar, the Alpha-Jet and increasingly the helicopter and missiles sectors are being developed by joint venture. Strategic missiles apart, only in its main combat aircraft does France made a purely national choice—the Dassault 2000—while admitting that aircraft like the ACF is no longer within the capacities of a single European country to develop.

Although it is by no means excluded that the interests of national independence will continue to dictate an exclusively French development of main battle aircraft—the eventual post-Mirage 2000 generation is already under study—France has made co-operation in aerospace something of a litmus test for the European sincerity of her EEC partners. That is one of the reasons why the decisions which the British Cabinet has to take will be awaited so critically in France.

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THE SHAPE of the French civil aviation industry to the end of the century will be largely determined by decisions to be taken this year—decisions which will also determine the degree of integration of the European industry as a whole.

Almost certain is the go-ahead for the construction of the new version of the Airbus—the B10 to carry some 200 passengers—to complement the now successful B2 and B4 versions of the basically Franco-German Transair. overshadowing this is whether there will be a three-way co-operation, this time involving the UK, on a European competitor in the market for medium-distance aircraft to carry 130-160 passengers, to replace types like the Caravelle, the Trident and the Boeing 727.

Aerospatiale, the State-owned French manufacturer, puts the market for this aircraft at 1,200

bids hard for the wing as a derivative of the wing on its own unsuccessful Mercure airliner and boasting its Falcon-50 experience with supercritical shapes. There is a strong political commitment in France to this aircraft and Air France, in this "contract" it recently drew up with the State, its owner, agreed to launch the JET with orders of around 50 aircraft in three batches with delivery beginning in 1984.

The JET is planned to exist in two versions seating 138 and 162 passengers respectively with a range of up to 4,500 km. Air France envisages them as replacements both for the 727 and for the 737s

which it is intending to buy as stop-gap replacements for its Caravelles.

On the civil front the other main success story has come from Dassault. It has sold more than 700 business jets, all told. Marcel Dassault received an order for 36 Falcon 10s; 64 Falcon 20s including the Coast Guard order and for 71 of the Falcon 50 tri-jet which is still undergoing trials.

At the same time there remains a problem of maintaining skilled people at work in the aircraft factories—notably at the Aerospatiale plants in Toulouse—and with the close-down of the Concorde line in mind the Government is relaunching production of the military transport Transair (a Franco-German twin-engined aircraft which has gained a certain fame recently as the transporter of French troops to Africa) and is toying with the relaunch of the twin-engined Nord 262 as a business or maritime reconnaissance aircraft.

On the corporate front the decision to take a one-third stake in Dassault, announced a year ago, has led to the appointment of four State representatives to the Dassault Board, but the financial positions to reorganise the shareholdings are still incomplete.

Since the Airbus has been the most obvious success of the year it is as well to begin with it. At the time of writing 95 orders and 38 options have been received from 14 airlines. The rate of production is at the moment close to 1.5 per month but this will rise to two a month by the end of the year and to three a month towards the end of 1979. The present production line could go as high as eight a month.

The significant figures are less these orders and options than the estimates of the total requirements for Airbuses of existing clients. Excluding Eastern, the consortium reckons that by 1990 its existing customers will have taken delivery of 270-280 aircraft, and if Eastern's needs are included the total comes to around 350—a score which would make the Airbus a more successful machine than the Caravelle.

The B-10 version is attracting interest. Eastern has options for it; Lufthansa has said it would switch some options from B4 to B-10 and Swissair is also likely to be a launching airline for the version.

Although there have recently been signs of stirring on the labour front after a period of relative freedom from strikes, the kind of protest strike movement some feared after the election has not materialised.

Stoppages have been gaining momentum in the public sector (the railways, Paris buses, post offices, power stations, Renault) and in condemned ship repair and textile businesses, but there has so far been no concerted action.

On the other hand, there can be little doubt that the elections, or rather the campaigning before them, aroused expectations, especially among lower-paid workers, of a big rise somewhere just around the corner. The impact of the JET began its life as the A200, the French contender in the European stakes to build a new medium-haul airliner. The British offered an improved but not radically redesigned version of the BAC-111 but the configuration of the JET as a completely new airliner with twin engines hung on the wing is of mainly French conception.

With the CFM-56 earmarked for the engines, France cannot expect the lion's share of the airframe manufacture also, though Dassault will no doubt

## THE AIRBUS

Company	Firm orders	Options	Deliveries
Air France	18	—	10
Air Inter	5	9	7
Deutsche Lufthansa	11	—	—
Bavaria Germanair Hapag	4	3	4
Iranair	5	1	3
Indian Airlines	5	0	6
Korean Airlines	8	2	3
Thai International	6	0	1
Aerocondor	1	0	2
TEA	2	0	2
Eastern Airlines	23	9*	4
SAS	2	10	0
SAA	4	0	4
Undisclosed	95	38	49
Total	95	38	49

\* Plus an option on 25 B-10s.

## SOCIAL INEQUALITY

## Still much to do

SINCE PRESIDENT Giscard d'Estaing was elected to the Presidency there has been a great deal of talk about greater "social justice" and a fairer distribution of incomes and the wealth of the country. But the achievements on both these counts have been disappointing. Certainly, the national minimum wage has gone up faster during the first four years of President Giscard's term of office than at any time since the sharp rise following the student-workers uprising in 1968, and family allowances and other social benefits have also been substantially raised. These measures, however, have hardly scratched the paint off what has long been one of the most serious problems facing French society and the cause of much social and political tension—the very large gap between the rich and the poor.

The promised fundamental fiscal reforms, which could mark the beginning of a fairer distribution of income and wealth, have failed to materialise, with the exception of a capital gains tax which is very mild by the standards of most other western countries. A wealth tax, though theoretically under consideration by the Government, is unlikely to see the light of day for some time yet. The income tax system, though no longer the leaky instrument which was once the source of so much amusement, still gives the wealthier section of society and members of the liberal professions a much better deal than in all the other Common Market countries, with the exception of Italy. And the heavy emphasis in the fiscal system on indirect taxation obviously hits the poor proportionately harder than it does the well-off.

For a long time, the authorities refused to accept the frequent claims that, among the highly developed countries, France was in the vanguard of those with the greatest social inequalities. But while it was relatively easy to reject the OECD's comparative study on the subject—after all, Governments constantly contest the international

organisation's figures—it was much more difficult to ignore the findings of two very reputable French research institutes, one of which had prepared a report at the request of the Government itself. Both the reports, one by CERC (Centre d'étude des revenus et des coûts) on incomes, and the other by CREP (Centre de recherche économique sur l'économie) on the distribution of wealth, reach similar conclusions. While they do not like the OECD's make international comparisons, their findings show that income and wealth disparities are still unacceptable large in France. And, what is even more striking, that much less progress has been made to bridge the gap between rich and poor than might have been expected from a country which, during the last two decades, has become one of the most prosperous in the world and whose average per capita national income has risen by more than 4 per cent per year since 1960.

The figures quoted in the report on income distribution are not, it is true, entirely up to date. But they are recent enough to give a picture which still remains generally valid. In fairness, it should be said that there has been a marked improvement in the trend since 1968, the great watershed in France's post-war history, when the explosion of student and worker anger finally forced the Government to take a more realistic view of the widespread social discontent in the country.

Whereas, between 1955 and 1967, the salaries of executives and middle management (the so-called "cadres") rose by as much as 190 per cent compared with only 71 per cent for those on the national minimum wage, thus sharply increasing income differentials between the highest and lowest paid, between 1970 and 1976 the wages of the lowest-income group have risen by 144 per cent as against only 89 per cent for the "cadres".

Nevertheless, the faster growth of the lowest incomes between 1970 and 1976 did not entirely compensate for the

well-being of the "cadres".

The ratio between the wealth of the 10 per cent of richest households and the 10 per cent of poorest households has practically doubled over the last 25 years in favour of the first group.

The 1 per cent of richest households have seen their wealth grow by an average of something like 18 per cent per year over the period studied, while that of the 10 per cent of poorest households grew by no more than 7.5 per cent.

As a result, about 10 per cent of households currently possess as much as 52 per cent of the country's patrimony, while 50 per cent of others own no more than 5 per cent.

Broken down by social categories, the wealth increase was greatest for industrialists, businessmen, shopkeepers and the liberal professions—nearly 12 per cent per year—while the wealth of workers and simple

employees grew by only 6 per cent.

Several reasons are given by the report for the widening of the wealth gap. People who already possessed a considerable amount of wealth at the outset were at a great advantage during this period of heavy inflation. They were able to benefit from the sharp and constant increase in property values and owners of capital could hedge against inflation by judicious investments.

On the other hand, the wages of the poorest groups barely kept up with the cost of living index while interest rates for small saving have lagged behind price rises and rents have increased by more than the rate of inflation.

The findings of the report are not entirely negative, however. The faster increase in the wages of the lowest income groups since 1968 has enabled many people to purchase their own homes and thus to benefit from long-term capital gains.

Today, nearly one household in two owns its own home, compared with only one in three before 1968, while as much as 10 per cent of families own what the French describe as "a secondary residence." The increase in property owners has been particularly marked in the younger age groups, an encouraging development as far as the future trend of wealth distribution is concerned.

There are, it should be said, some serious shortcomings in the statistical basis used in the report. It does not, for instance, take into account the ownership of gold and jewellery or works of art, reliable figures for which are not available, given the Frenchman's inborn reluctance to reveal the value of the gold which he has hoarded under his mattress or, indeed, that of any of his other treasures. Nor is agricultural land included, since statistics in this area are hard to come by and are often contradictory. Most seriously of all, perhaps, given the widespread ownership of cars, which must certainly be considered as a valuable addition to the wealth of families in the lower income groups, consumer durables are also excluded from the study.

Nevertheless, together with the report on incomes distribution, the study provides a valuable and revealing insight into the structure of French society and the problems which still remain to be solved before President Giscard's objective of social justice is attained. A wealth tax, even if it is adopted, will hardly do the trick. The answer can only be found in a fiscal system which gives greater weight to direct taxation and a wages policy which allows a much faster rate of growth for the lowest than the highest paid.

R.M.

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## Cohesion

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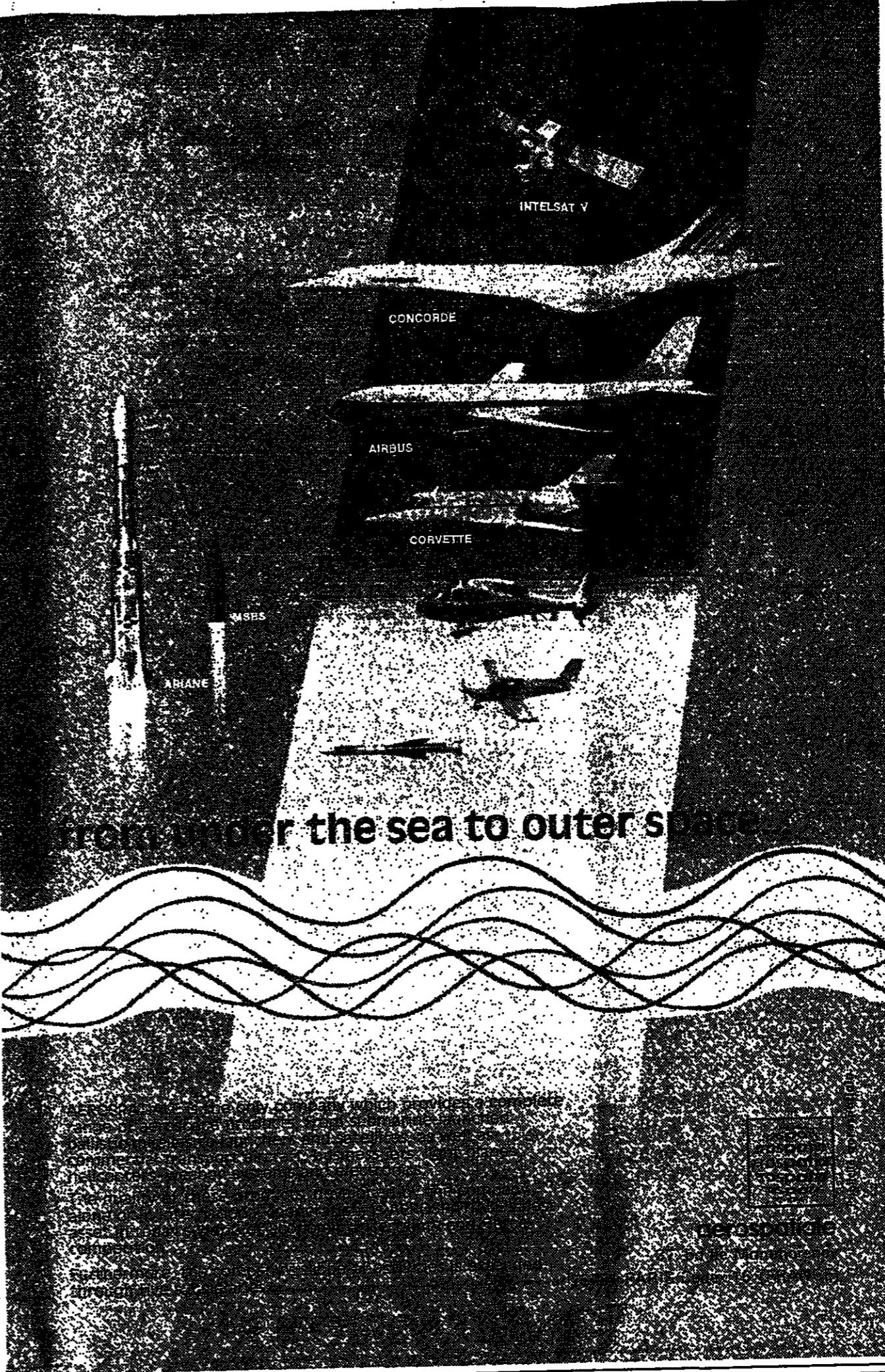
agreements rather than nationwide accords and the introduction of an annual quota of working hours. This would also one of those to show the supersede the 40-hour basic maximum brought in in 1936. The employers also want to redefine pay agreements in terms of an employee's total income, which would include around half the level in the end-of-year and holiday bonuses, long service payments and 13th and 14th monthly salaries; most employees receive some or all of these perks, but by no means on a standardised basis.

The white-collar unions grouped under the Confédération Générale des Cadres (CGC), support the proposal. Insurance workers got an agreement of this kind in 1974, covering all extra payments except for overtime. Chemical companies have also proposed a total-income agreement to their unions before. But the idea is still too much of a new one to most unionists for it not to be greeted with suspicion.

The round of employer-union talks coincides with active debate within the union confederations themselves. The CGT in particular has some soul-searching to do before its congress in November. In factory-floor inter-union polls it has repeatedly lost ground, in most cases by between 4 and 8 per cent. This trend was especially marked after the election—apparently displaying members' discontent with the union's political involvement—although more recently the CGT's popularity appears to have picked up, notably in the new steelworks at Fos near Marseilles.

The CGT votes have gone less to the CFDT than the Force Ouvrière, originally a splinter union of the CGT. The number of non-unionised—referred to by M. Maire as the "unions parasites"—has also risen.

David White



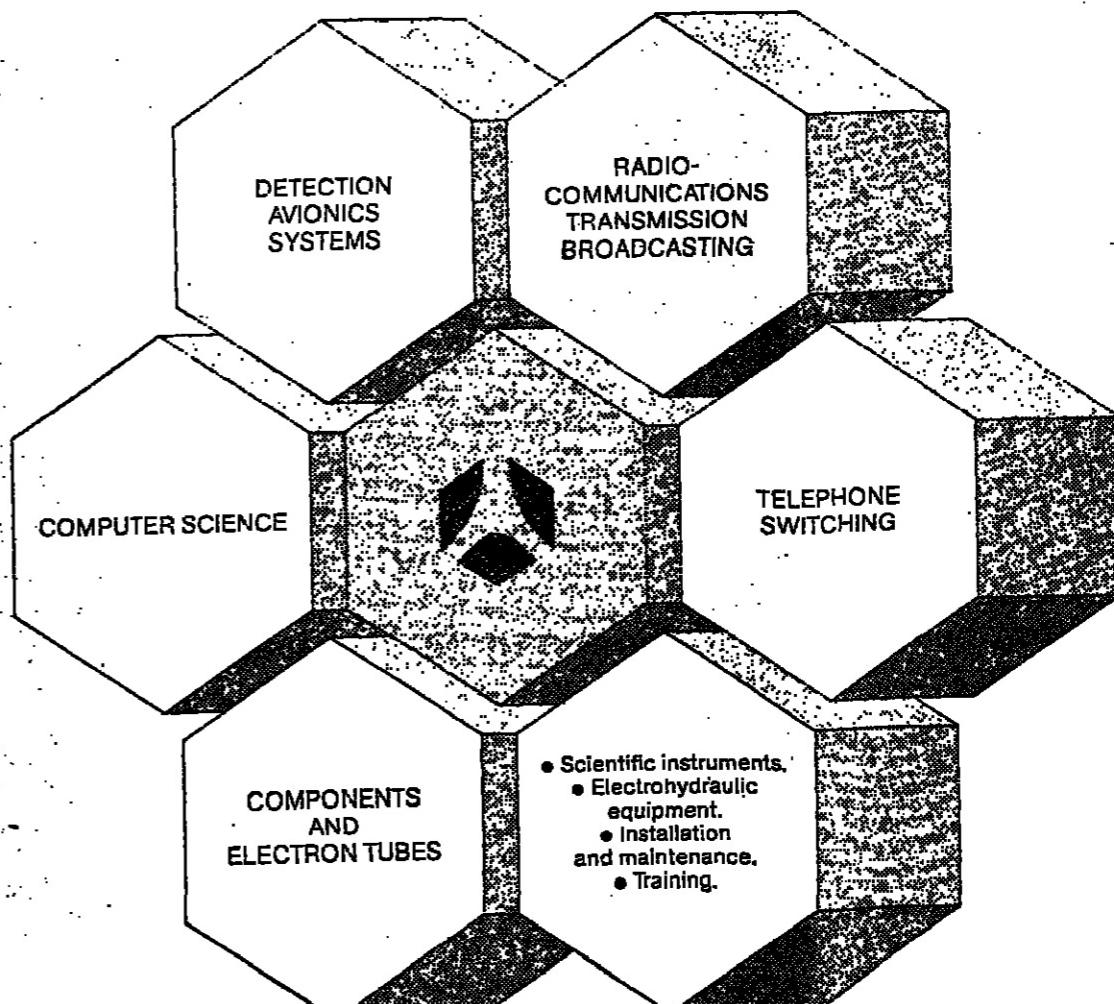
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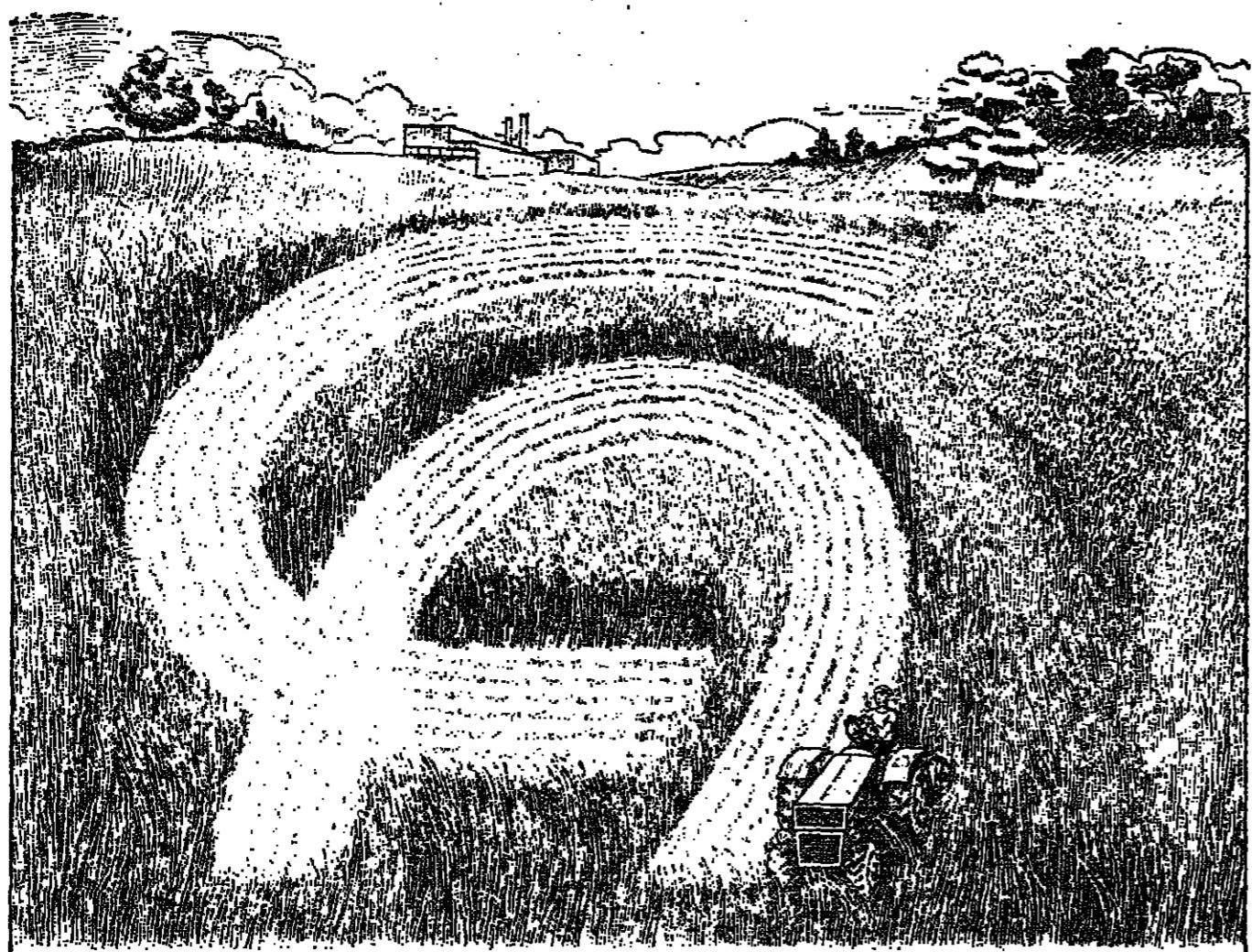
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## FRANCE X

## AGRICULTURE

# The backbone of foreign trade

"FRANCE'S OIL" is how want a sudden rise in its domes- tic food prices in line with several years of stagnation—garden allotments. But the this while the number of off made by the farming heir- monies compensation amounts farmers is steadily declining by his fellow-inheritors to com- munity in such a way that about 3 per cent a year. Out-penates for their land rights French exports are taxed and put rose by 4.3 per cent last soaks up a lot of the credit imports subsidised, which means year and is expected by the going into French farming. Agri- culture is, after steel, the second largest producer in Western Europe, and if it can continue to rely on its farmers to provide the backbone of its foreign trade, there is still a long gap between flowing with milk and honey and flowing with oil.

The idea, at least a few years ago, was that France would build up enough of a surplus on its food trade to pay for a good part of its energy bill. But the target of a Frs 20bn surplus in 1980, equivalent to almost half France's annual agricultural sales, seems to have been wishful thinking. It was based on the halcyon days of 1974, when in its fourth surplus year running France turned in a net profit approaching Frs 10bn on its food trade.

But since then the lucky numbers have not come up. There was the long drought of two years ago, then late frosts in the spring of last year followed by violent storms and floods in the south-west. Parisian summers are inaugurated with the arrival of cherries from a lot of small farmers and a lot the Yonne; last year the cherries were wiped out and this year they are late and few—a poor augury.

Prices of food imports such as coffee and farmers' feedstuffs such as soya have soared in the meantime. France's agricultural account was Frs 3.76bn in the Government-owned soft loan agency, was extended to 12.6 per cent while it had to pay almost a third more for imports, including activities such as its cattle herds and fruit crops having been reduced by the weather. This year's prospects are a bit better, but a big deficit defined so that they could have up to a fifth of their members not actually working on the land. Regional programmes

France's position as the world's second food exporter, after the U.S., now has other contenders in the shape of Holland, with a much smaller home market, and Brazil, with almost unlimited land resources.

Frances's position as the world's second food exporter, after the U.S., now has other contenders in the shape of Holland, with a much smaller home market, and Brazil, with almost unlimited land resources.

Practices have been moving increasingly into industrial operations and now account for about a quarter of the sector's turnover—45 per cent of the milk, 44 per cent of distilling and 21 per cent of meat processing. But a number of the big companies—like the Lesieur edible oils group or Sir James Goldsmith's Générale Occidentale—are caught up in the throes of re-organisation, and, apart from a few brilliant export successes such as Perrier in the U.S., the industry is considered to be underperforming on foreign markets.

The Government would like to rely less on the export of raw farm produce, which make up half of France's sales. The only hitch is that client countries also prefer to do their own processing.

The most fundamental of the problems affecting both raw and processed goods is where and how to sell. As the results of the forthcoming GATT negotiations are awaited, M. Méhaignerie has launched a crusade for an EEC export policy to third countries, including a new stock system.

French farmers' prospects depend on an increasing extent on those outside markets. France relies on the EEC to buy two-thirds of its farm exports, but its market there has begun to level off. Other countries have become more self-sufficient, witness the West Germans' improvements in sugar, cereals and butter—and more efficient France's position in EEC trade in farm goods is deteriorating.

At home, of course, people eat as well as ever, but even French appetites are not limitless. Consumption grows about 3 per cent a year, while French families are spending a smaller proportion of their income on food and drink.

D.W.

## LYON

# On the way up

A LYON city councillor received me for an interview. "Transfer aware of the problem, proclaims me no more calls," he told his desire to decentralise and secretly—"unless of course it's to build up Lyon as an international centre of service industries," a counterweight to Paris. Many Lyonnais remain sceptical, knowing the tenacity of the Jacobin tradition.

This proud mercantile city has a long record of resentment against Paris, and in recent years has begun to take action. A few senior bankers and businessmen have put pressure on Paris to help them reactivate the city's historic role as a centre of banking and finance.

At least it has laid the basis by investing massively in a modern infrastructure (with State help), and the results are impressive: there is today a touch of Chicago about this old town astride the Rhône and Saône. New motorways radiate; Satolas, the big new airport, has physically transferred from Paris its department dealing with the Lyon area, so that most decisions affecting the region are now taken locally. The director told me: "previously, 98 per cent of local transactions were referred to Paris for approval, now it is only 80 per cent." This and other banks have also greatly increased their ceilings for transactions that can be decided locally (in the case of BNP, from Frs 1m to Frs 10m, it is said), while the Banque de

Yet these physical changes alone cannot turn Lyon into a true European metropolis unless the city can also attract "an apparatus of decision-making." France has set up a special

directorate in Lyon (its first outside Paris), with sizeable powers of funding. Official bodies dealing with the insurance and subsidising of exports have followed a similar

CONTINUED ON  
NEXT PAGE

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## FRANCE XI

## TOWN PLANNING

# The President takes an interest

WHEN A visitor to France arrives in the capital he invariably asks "What's happening now on the old site of the Halles meat and vegetable market?" and "What's happening at The Defense?" Both of these have been built as prestigious showcase projects over the years, and they remain unfinished. A third question inevitably arises, namely, "Is one justified in considering what happens in and around the capital in terms of architecture and town planning as representative of what is occurring elsewhere in France?" The answer is, I think, yes it is, whether it be in terms of its renewal of housing construction or particularly in the new cities around major centres, of office building.

Architecture is a national concern in France, not just culturally but economically and politically, and perhaps more so than in any other country. Rich in architectural traditions, the country also gave the world the first generation of "scientific" modern town-planners in this century. However, France is also well known for its highly centralised governmental apparatus. Recent events in and around the capital illustrate the extent to which architectural concerns are intimately linked to the economic and political goals of high-level decision-makers. The irony is that these same events demonstrate great uncertainties on their part about precisely which solutions to choose now that the policies of previous administrations are well on the way to being achieved.

Indicative of the significant impact of executive authority upon transformations of the physical environment is President Giscard d'Estaing's role in deciding the nature and quality of the final solution for the Halles, the Defense business and residential complex, and even the status of the professional architect himself. It may seem curious, but not at all beside the point, to ask whether we will see emerging an official attitude toward architecture that one will categorise in the future as Giscardian. If General de Gaulle and M. Georges Pompidou will be remembered for having launched the Defense and the plateau Beaubourg in hopes of keeping Paris on the commercial and cultural map, it is perhaps for his interventions in completing the Halles that M. Giscard will be evaluated.

One of his acts upon becoming President of the Republic in May, 1974, was to modify the programme for the Halles by eliminating the 90,000 square metres international commercial centre then projected for the western portion of the site, and by calling for more green space. A limited consultation of architects was held, and the consensual idea of Catalan architect Ricardo Bofill, 38 years old, for surrounding an elaborate garden and fountains with buildings vaguely reminiscent of those on the Rue de Rivoli (but highly imaginative in their decorative allusions) were rumoured to have caught the presidential fancy. There was subsequently such a furore raised by old guard French architects and local citoyens that it seemed more prudent to nominate three architects to study the problem (one of whom was Mr. Bofill).

With the elimination of considerable commercial space there has developed an undeclared running struggle between the SEMAH (Societe Economie mixte pour l'aménagement de Halles) and the Government. The new master plan submitted two years ago provided for a series of separate buildings to close off the eastern end of the site towards the new Beaubourg cultural centre. This

plan has yet to be presented officially to the various ministerial advisory commissions of experts which are normally asked to approve the designs for major constructions before a building permit is awarded. Just at the time of the recent elections a building by Mr. Bofill whose participation had since been limited to designing a 250-unit apartment building next to St. Eustache church, received a building permit. A win for Giscard one might assume.

However, Paris now has a Mayor as from last year, after a century or more of being an anomaly among French municipalities. The Government, acting through a Prefet, has decided all municipal matters; it is now being coaxed into relinquishing much of its power to the strongly ambitious, potential rival to the President, Mayor Jacques Chirac. The latter is demanding that the Mayor's office have the final say on all urban planning matters, including building permits. In the past few days he has spoken out publicly against the Bofill solution for housing, so that one is once again in doubt as to its construction.

## Adjacent

On the other hand, M. Giscard has also called for the construction of a vast new music centre on the site adjacent to the Bofill housing. The Mayor, whose First Deputy, M. de la Malène, is also president of the SEMAH, has agreed to these proposals which will also include 4,000 square metres of commercial space.

Zone A of the Defense complex remains a perpetually unfinished building site. Not only has the economic crisis since 1974 thrown into doubt a number of forecasts about the potential growth rate and viability of this centre, but the architects and planners seem perplexed as to how best to go about making the immense spaces more human. The vast central promenade serving the various office towers is as formidable as it is cut off from the rest of the urban fabric by a wide ring-road. While the whole complex is now efficiently and comfortably served by a regional express railway (RER) linking it to eastern and southern suburbs of Paris, the commercial centre still remains a dead end, and offices are physi-

ally isolated from the zone of low-income housing being built a short distance to the west in Nanterre.

Whether or not it will ever be possible to bridge the obstacle of the ring-road sufficiently well to attract inhabitants to their shopping in the immense centre projected and paid for by the State remains to be seen. For the moment, everyone is unanimous on the necessity of completing and humanising the platform running down between the towers with something more than just a sculpture garden.

These towers, sentinels of capital and industry lined up on each side of the platform, are a kind of rogue's gallery of the best and worst of commercialised modern skyscraper design.

Their variety of shapes, sizes, colour and brilliance of reflecting glass are impressive, even amusing, but at the same time overwhelming by the radical differences in scale between the man standing on the platform and the 40-storey tower which swoops up from his feet. It is now up to the public voice (EPAD) created to develop the site and its elaborate infrastructure—but not the architecture of the individual towers, which was left to the owners—to find the financial means and design talent to transform (if possible) this "segment of Manhattan" into a viable urban space; a cosmic job will not suffice.

There are a number of parallels between the situation at the Defense and that which exists in a number of the French new towns of the Paris Region and elsewhere in the country. The central Government established the Master Plan creating the new towns in 1965, and engaged considerable capital in land acquisition and in building the necessary infrastructure for attracting industry and residents. As at The Defense, there has been a slowdown in the growth rate of some of these cities (e.g. Every New Town), and as a result the inhabitants find themselves facing the costs of paying for an over-endowed infrastructure and cultural services. The famous Agora Center in Evry has a deficit of FFr 8.5m. in large part due to the fact that the city was planned for 300,000-400,000 residents and today only 200,000 are there. Moreover, from an architectural point of view, inhabitants

are paying the price (cheaper low-income housing being built in central Paris, it is true) of having to live in apartments in densely-built-up urban agglomerations that are the result of experimentation by architects, industrialised building companies and developers.

The question now being raised at the highest levels is how much more money to invest in the development of new towns and how much should be devoted perhaps to the progressive economic expansion of existing middle-sized cities in the region. Here again there is a reordering of priorities going on after a first prolonged phase of research and concrete results.

A significant shift in attitudes concerning architecture and town-planning appears to be taking place, but it is too early to define its precise character. A younger generation of architects is finally being given the chance to build before they reach 40.

Running concurrently with the Government's reassessment of the major projects has been an active endeavour to reform both the teaching and practice of professional architects in France. Just over a year ago legislation was passed requiring that an architect be involved in the design of all major projects, notably public commissions, with the exception being made for individual home construction. Nevertheless, a system of local and regional architectural councils was created and given the powers to accept or refuse a given project. Companies engaged in producing industrialised house-types must engage an architect to develop their model-types.

A final illustration of the important effects to be anticipated as a result of direct personal concern on the part of President Giscard d'Estaing is his announcement, in a speech to the Academie d'Architecture last October, of the creation of an interministerial commission to improve the quality of public buildings. This is still another means by which the President hopes to achieve what he has declared: "My ambition is to reconcile all Frenchmen with architecture, to permit architects to excise their profession fully and to favour the creation of a new French architecture, innovative and comprehensible to all Frenchmen."

Brian Taylor

## On the way up

**CONTINUED FROM PREVIOUS PAGE**

trend... And this year with the other way." Lyon's bid to now mainly of chemicals and metal goods) is famous for its become a "capital of decision-making" has also been hard work and slightly stuffy obstructed by the post-1973 puritanism (over most matters economic slowdown. Several except la cuisine) and has never shown much interest in the outside world. But recent decades which had planned to put its headquarters in Lyon have now brought changes. More than 10,000 cadres have immigrated from Paris and other places: the censuses of 1962 and 1975 show that between those years the percentage of the population born in Lyon fell from 66 to 48 per cent. So Lyon, like most other big French towns, has become a more mixed and open society, more aware of the world. A new generation of local politicians and business leaders is seeking to develop the work of the late Mayor, the Lyonais tower is lying empty. Even the Marks and Spencer store at La Part Dieu (one of three in the EEC, along with Paris and Brussels) has felt the economic pinch and last month decided to reduce its floor space by half, to 15,000 sq ft.

These and other measures have been welcomed by local industrialists as marking a step towards reducing Lyon's financial dependence on Paris. The banking scene has become livelier: each year, several banks open their first branches in Lyon, and a total of 36 are now represented. Twelve are foreign—a sign of the city's growing new cosmopolitanism.

The Government's regional development board, DATAR, is also trying to persuade French companies, especially those who manufacture in the Lyon area, to transfer all or part of their head office activities from Paris to Lyon. This is not easy. For French firms large or small, usually prefer to keep their HQ in Paris near the Ministries who must be lobbied so assiduously. So DATAR saw it as quite a coup when Rhône-Poulenc, the chemicals giant and a Lyon firm by origin, recently transferred the head office of its fertiliser division to Lyon (where most of its R & D and plant are situated), to be followed soon by the textiles division. And in 1974 Pechiney moved to Lyon, its patents division—attracted by the fact that most leading countries have full consulates there.

But powerful economic pressures are still pushing in the other direction too, towards more centralisation. Berliet, the Lyon lorry manufacturer, always prided itself on being one of the very few large French firms to keep its head office at its plant, in the provinces: but now that Berliet has been taken over by Renault/Saviem, this office is being moved to Renault's own Paris HQ. It is a blow to Lyon's pride, and its coffers: Berliet represented some 12 per cent of local business turnover.

Yet others believe that, even within the present structures, Lyon can nevertheless do a great deal to improve its own status—so long as it can summon up the dynamism. Despite its central position and entrepreneurial traditions, this has for centuries been an enclosed society: its ultra-bourgeois milieu of bankers, merchants, manufacturers (formerly of silk,

etc.) and civil service has been a hindrance to its development. The Prime Minister, Raymond Barre, has since March been a deputy for Lyon; and there are whispers that he has ambitions to be Mayor. If so, he could use his authority to help pull Lyon into a higher European league table.

The city is just beginning to recover some of the cosmopolitan nature that it knew during the Renaissance and even later. Recent straws in the wind are the setting-up of the WHO-backed International Cancer Research Agency, and the arrival since 1974 of four international audit firms, among the very first to take root outside Paris. Another example: the British resident colony of 300 or so has been growing steadily, and some 50 British companies—from ICI to Habitat—are listed locally.

Strasbourg and Nice in their own very different ways are international cities, but if any French town outside Paris can hope to aspire to an international economic role, it is Lyon alone. It has made a little progress. But compared with Stuttgart or Zurich, or maybe even Birmingham, it still looks insular and lacking in control of its own fate. The Lyonnais still trembles when the telephone rings from the Ministry. The remedy is—partly at least—in his own hands.

John Ardagh

## FRANCE

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These may prove temporary problems. The real long-term issue for Lyon to achieve its metropolitan ambitions—is whether the State will ever decentralise its own civil service. All the Ministries, and especially the all-powerful Finances, still have all their decision-taking staff in Paris and keep only low-grade offices in cities such as Lyon; and so it is to Paris that most Lyon businessmen must go cap-in-hand once or twice a week. The Government's a bit two-faced," said one local banker, "it's desire to decentralise may be sincere, but it does not have the courage to break the Jacobin habits of its own civil servants.

And shall we ever get anywhere unless Paris delegates real power to the regions?"

Yet others believe that, even within the present structures, Lyon can nevertheless do a great deal to improve its own status—so long as it can summon up the dynamism. Despite its central position and entrepreneurial traditions, this has for centuries been an enclosed society: its ultra-bourgeois milieu of bankers, merchants, manufacturers (formerly of silk,

read.

### M. Dominique Nouvellet

Director of Siparex, says: "As you can see, it's a race against time, this campaign to decentralise, when modern mergers and rationalisations are driving

of

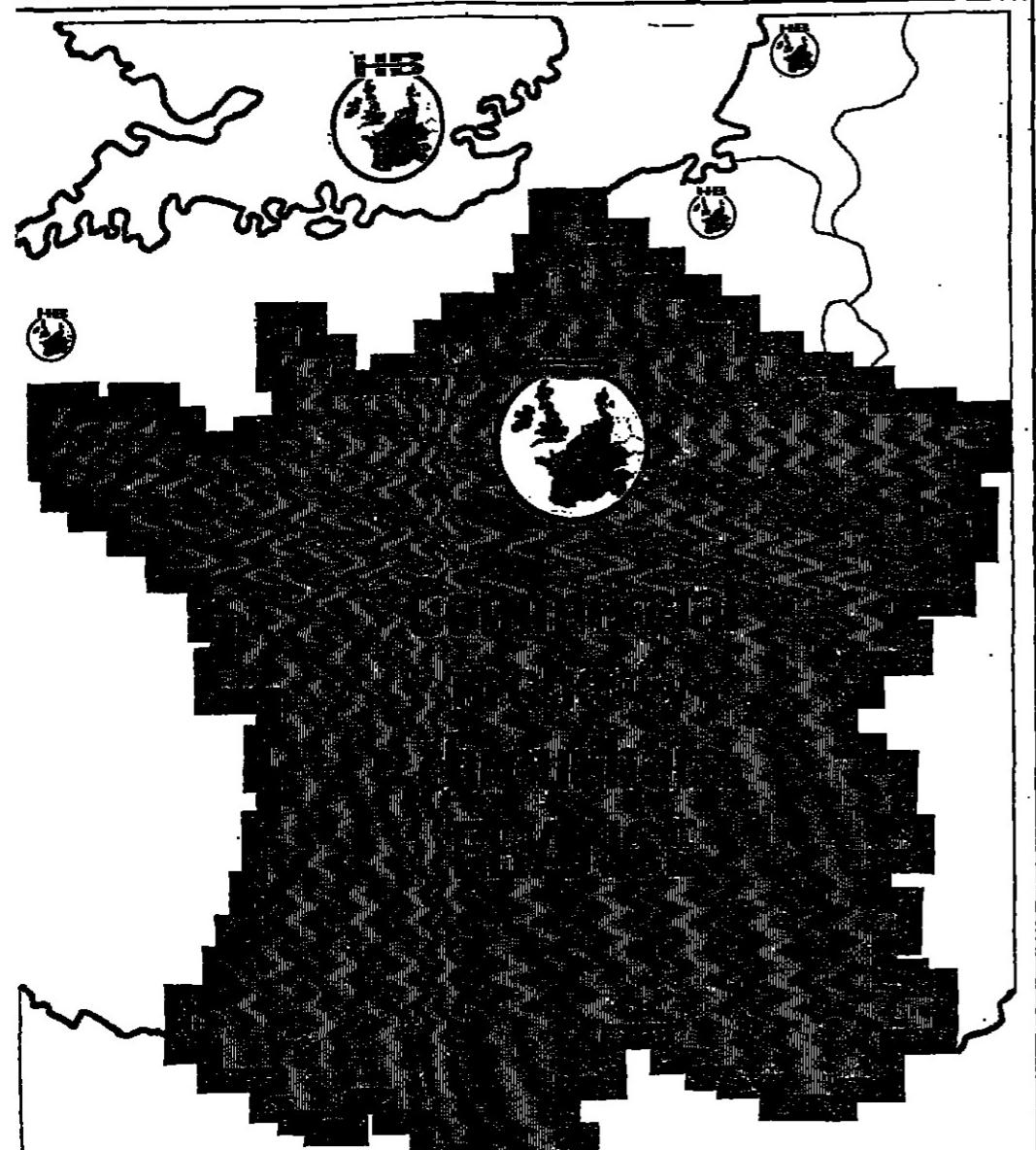
the President takes an interest

## FRANCE XII

### Georges Séguy

**GEORGES SEGUY** is a tougher man than his cherubic looks suggest. The chirpy, zealous, primary-educated, apprentice-51-year-old Communist has needed a firm hand in his more resistance, party membership, than ten years as leader of the union body. He took the union Saint-Michel prison in his home through the mass labour town of Toulouse, deportation struggles of 1968, has to Mauthausen two months later. Released after 15 months strengthened his alignment with the Communist Party and maintained the strong central organisation of a Communist union Physically weakened, he followed his railwayman father's footsteps and joined the SNCF whose members are only half Communist.

His enemies accuse him of being Stalinist in his approach, of lacking initiative, of turning way worker. Active in the strikes of June 1968, he is now November, 1973. M. Seguy is not always clear which is the worked his way up to the top cart and which the horse: of the rail branch of the CGT.

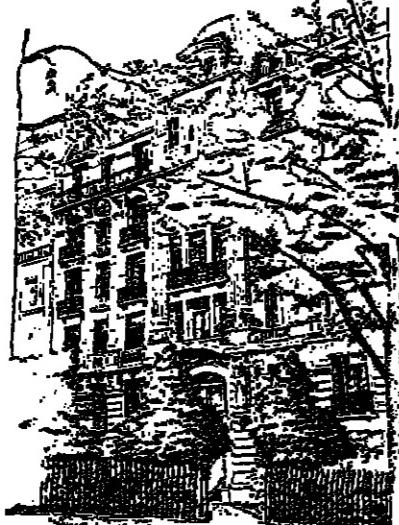


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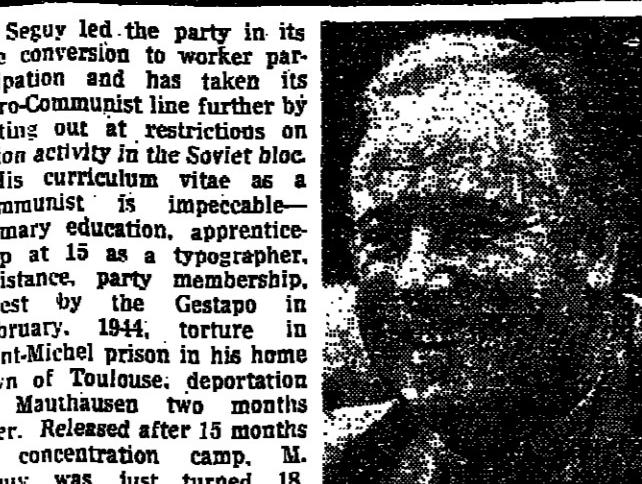
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By then he had already been elected, still in his 20s, to the party's central committee and to its bureau politique.

He is known now to be concerned about improving the sense of unity within the union—but his own position is hardly in doubt. D.W.

On this page Robert Mauthner, David Curry and David White profile six of France's leading personalities in the trade unions and the Government.

## SOME LEADING FRENCHMEN



### Robert Mauthner

THE ROTUND, avuncular economics professor who was re-appointed as Prime Minister of France by President Giscard d'Estaing after the March general election, has made his mark on the country in record time. Decried as a mere technician when the President, to the surprise of many, first nominated him as Premier in August, 1976, to replace the ebullient but fractious M. Jacques Chirac, the 54-year-old M. Barre has quickly mastered the tools of his new trade.

Within the organisation he has reconciled the sometimes quarrelsome differences between the small industrialists and the big and generally conservative groups, and has managed to avoid being identified with any particular school of thought on prickly subjects like participation. He has a regular liaison committee with the heads of the country's 30 biggest concerns and makes regular provincial expeditions.

M. Ceyrac's influence is undoubtedly helped by his personal friendship with the Prime Minister, M. Raymond Barre, and with M. Jacques Chirac, the Gaullist leader, while his relations with M. Giscard d'Estaing are cordial. The success of the return to price freedom may well depend in large measure on the discipline the Patronat can induce in its membership to control the inevitable unpleasant consequences for price increases.

It is sometimes reproached to M. Ceyrac that he has never managed a large industrial concern: in fact he has spent his life almost entirely in professional organisations. But the advantage is that he knows intimately the machinery of bureaucracy and government; and in France that is a priceless asset.

D.C.

### François Ceyrac

JUST BEFORE the general election and 11 months before his term of office was due to expire, the French employers association, the Patronat, elected M. François Ceyrac to serve an unprecedented third spell as president. The deeply-lined face of M. Ceyrac, with its angular features and stiff fringe of grey hair, had already become a familiar television sight as he waded into battle with the Left over its industrial and economic election platform and marshalled the Patronat to deliver the Conservative Government the 4m or so jobs for young people which would enable it to claim that its "employment pact" was getting to grips with the jobless situation.

Since the election the 65-year-old M. Ceyrac has been just as prominent, as the Government has freed industry from price controls and as employers prepare to open a crucial round of talks with the unions on pay and conditions.

### René Monory

RENE MONORY is reputed to be the rising star of the Government. Last year he came out of the comfortable obscurity of the French Senate to become Minister of Industry. After the election he moved up to become Economics Minister (the bigger half of the divided Finance Ministry) and it is René Monory who is the man in charge of the nuts and bolts of the Government's grand liberal strategy of freeing industry from price controls and trying to push private savings into industrial investment.

Bulky, bluff and amiable, with a rather heavy turn of phrase, René Monory left school at 16 to become an apprentice mechanic in the family garage at Loudun in the Vienne, eventually becoming mayor of the town and, through that, arriving in the Senate, election to which is indirect and weighted towards regional interests.

He went down well at the Ministry of Industry. After all, with the reputation for common sense which France attributes to her provincial sons (as opposed to the "cleverness" which distinguishes the Parisien) and with his experience as a small businessman running an agricultural machinery and Peugeot concessionaire's business, he was felt to be close to the soil—or at least the work-bench.

M. Monory is reputed not to like fiddly individual dossiers: he believes in the broad response. Letting industry set its own prices and letting managers manage is better than hours spent by bureaucrats manipulating details; in French terms this

attitude is close to revolutionary, given the long tradition of the omnipotent state.

At 55, M. Monory is the same age as Raymond Barre and they clearly think on the same wavelength. In fact they are both given to the same style of rather heavy, pedagogic, step-by-step explanations of economic policy full of appeals to common sense and the common man.

"I shall spread the gospel of liberty and competition," he proclaims, announcing the transformation of France's Price Commission into a sort of super competition commission. No one doubts that if industry fails to respond to the joys of laissez-faire, M. Monory will be quickly on the phone to set the offenders right in the habitual style of the mayor of Loudun.

D.C.

### Edmond Maire

A PROVINCIAL small-town project among its members—in 1971, he took up the cause of worker control which had come alive during the "events" of May 1968.

In the 1960s he had also favoured the reform of the Christian Union body, the mainstream of which became the CFDT, notwithstanding his own strict Catholic background.

Like Georges Séguy, Edmond Maire is the son of a railway worker; his father eventually became stationmaster at the Gare du Nord. The sixth of seven children—two of the others took holy orders—he was trained as a chemist, worked for a while for Pechiney and made his union career among Paris region chemical workers.

Despite his modest presence, Edmond Maire is as outspoken as any of his union colleagues, including against them, against the Government, against the employers and currently against all political parties including the Socialists to whom he is closest.

Becoming leader of the CFDT—the second largest union and the most innovation-conscious,

with a large extreme-Left fac-

tion among its members—in 1971, he took up the cause of worker control which had come alive during the "events" of May 1968.

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He has published books on employee participation and on the famous Lip watch factory dispute of 1973-74. After the Left's disillusion in the March election this year, he has steered as far as possible away from politics. His appraisal of the election period contains, typically, a sprinkling of self-criticism.

D.W.

of the Government and its opinion and the trade unions' economic and financial policy during his second term of office. I am not there to fool about." Whatever the fundamental economic justification for his latest policy of freezing industrial prices while permitting rises in purchasing power of only the lowest income group, it is bound to lead to a sharp increase in inflation this year. And most people will not forget that M. Barre has always said that keeping down prices was one of his principal objectives.

But the Prime Minister is a stubborn man, who believes that the long-term effect of his new industrial policy will be disinflationary, whatever may happen to the price index over the next few months. He knows that probably, he will be given no more than a year to prove his point, but that is a gamble which he is fully prepared to take in what he considers to be the interests of the country.

Indeed, one of M. Barre's most endearing qualities is that he is clearly not frightened of sacrificing his political career. "I am quite prepared to return to my chair at Paris University when the time comes," he is quoted as saying. If he ever does so, there can hardly be any doubt that M. Barre will lecture not only his students but will continue to wag an admonishing finger at whoever is in charge of the country's economic policy.

R.M.

Over the past five years his main achievement at the Patronat has been to return much of industrial relations to the arena of direct industry-union talks rather than depend on Government-imposed measures. He has brought four big areas under such "contractual" agreements: improvement of working conditions; unemployment indemnity paid largely out of jointly managed funds; bringing white-collar workers closer to participation; and negotiating early retirement awards at 70 per cent of former salary.

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By his own admission, he has little taste for the antics and tactical manoeuvres on which all genuine political animals seem to thrive. His fundamental attitude is that they are a waste of precious time. "Either you have a job to do, or you play the fool," he said in a moment of irritation. "I am in charge

of the country."

A contemporary of Giscard d'Estaing at the Ecole Polytechnique, Andre Giraud collected additional qualifications in the oil and engineering field before embarking on a civil service career which made him a powerful voice in the formation of French energy policy. From being director of the French energy institute he became the senior Industry Ministry official overseeing the carburettant sector before, in 1970, moving to perhaps the hottest spot in both the civil service and industry as the head of the Atomic Energy Commission, which runs France's ambitious nuclear

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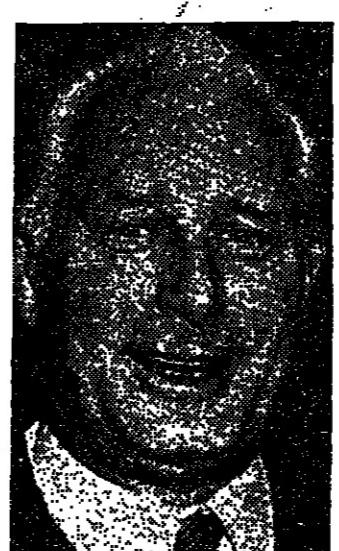
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## SOCIETY TODAY

# The case for an experiment in parent power

**THE CASE** for education day recommended that an the choice is so limited. Faced with sink-school "A" and just one who has any doubt about the bold step of publishing a behind one's back by the primary school head, many people this should consider for just "feasibility study," whose moment the irrational fury cluding paragraph records a tend with which the entire educational establishment is attacking the "choice of schools" is seen as as "satisfactory."

ing the very idea of a small vital experiment in parental choice vouchers would not necessarily be the only or the most satisfying factor means of achieving it" that that lot is so vehemently. It would be difficult to against must have something in quarrel with this "generality, but as it stands it is neither.

What that something is is evidence in favour of large-scale experiment. The case for an experiment is to be found the poor to choose better schools for their children.

## Experiment

This was the theory behind the experiment at Alum Rock, San Jose, California. Basic vouchers, to cover the school fee, were provided by the local authority while the Federal Office of Economic Opportunity topped these up with special vouchers to give added educational buying power to parents of "disadvantaged" children.

The Alum Rock example, which stands as the most extensive study of the use of vouchers yet undertaken, has provided enough evidence to support both sides to the argument. It was one of a variety of different possible models (vouchers could not be spent in private schools; schools could not raise their fees to meet higher demand) and its yes, although a further 51 per cent of the respondents allowed

funding came to an end at the close of the 1976-77 school year. In the view of those who wrote the report for the Kent County Council, a system that was intended to give power to the parents resulted in giving far more power to the professionals—the teachers and the administrators—for they controlled the supply of educational alternatives, and parents did not make use of the new opportunities to the expected degree."

On the other hand, the demonstration provided considerable evidence on the viability of alternative programmes, since it "increased teachers' opportunity to choose and design their curricula, and thereby made available to parents a new range of choices."

These comments, tucked away in an appendix to the Kent report, constitute one extremely powerful argument in favour of a proper experiment in Britain:

the very mention of a voucher scheme sends such an electric shock through the teachers' unions that it might encourage them to take up the old-fashioned notion of putting their professional responsibility to the children in their care above their chip-on-the-shoulder defence of the right to work ever shorter hours for ever higher pay.

If this seems like too forceful a characterisation of teachers' attitudes, then one can only offer in evidence table 2.8 of the Kent report. Asked whether parents should be given the results of standardised tests taken by their own children, only a third of the teachers said yes, although a further 51 per cent of the respondents allowed

such results should be given "on request."

A full

13 per cent of the teachers said that this information should be withheld from parents.

No fewer than 40 per cent of the teachers wanted details of their qualifications kept from the parents, while details of their teaching experience were regarded as sacrosanct by half of them. Most doctors, lawyers and architects will gladly flaunt their qualifications, while it is not impossible to discover how long any such professionals have been practising. What are the Kent teachers—presumably representative of their colleagues elsewhere—afraid of?

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# COMPANY NEWS + COMMENT

## £2.7m downturn to £77.6m at AB Foods

WITH THE U.K. bread industry difficulties and the high street price war cutting contributions from two major divisions, after exchange differences, reducing the overseas contribution, pre-tax profit of Associated British Foods dipped from £20.5m to £7.6m in the April 1, 1978 year.

When reporting half-time profits £0.8m higher at £32m, Mr. Garry Weston, the chairman, said the group expected to exceed the previous year's record, although the increase was not expected to be significant.

He now says that margins in the UK and overseas came under pressure in the year with the home margin down from 4.7 per cent to 4 per cent and the overseas margin from 6.7 per cent to 5.6 per cent.

Overall world sales increased from £1.68bn to £1.85bn, with the UK sales up 13 per cent, or £125m, while overseas sales rose by 18 per cent in local currencies.

Mr. Weston says profit growth will be achieved in the current year, although overall slow growth in the food industries in the countries in which we operate continues to remain almost static, and the combined effects of Government regulations and severe competition make the attainment of better trading margins difficult."

The 1977-78 shortfall in trading profits in the UK—where interests range from Sunless bread to Fine Fare supermarkets—was held to £2.2m, and the biscuit division produced "especially creditable" results.

Overseas profits were reduced by 0.5m, taking into account the adverse effect of £2.1m owing to the difference in exchange rates at the year ends.

Mr. Weston says that considering the adverse factors, and the extremely difficult year for the food industry in the economies in which it operates, the results must be considered a satisfactory achievement.

A second interim dividend up from 1.362p to 1.328p increases the net total from 2.073p to 2.235p per share.

The profit after tax, minorities and extraordinary items was £2.4m and after providing for ordinary and preference dividends £28.1m per year.

Earnings per share are shown at 8.67p compared with 9.86p last year, and ordinary shareholders' funds have increased during the year from 65p to 71p per share.

Capital spending in the year exceeded £70m (£62m).

	1977-78	1976-77
Turnover	£1,682,227	£1,784,348
Profit after tax	£1,104,209	£1,202,965
Net profit	£74,224	£82,428
Extraordinary credits	£20,380	£10,717
Available	£113,214	£107,563
Dividends	£10,621	£9,663
Retained	£102,593	£97,895

See Lex

### HIGHLIGHTS

As expected pre-tax profits at Associated British Foods are slightly lower; at the trading level there was a £6m turnaround to losses on the baking side, while retailing suffered from the price war and turned in £3m less, but the shortfall was more or less made up by the other manufacturing activities. Full year figures from Hill Samuel are rather dull with banking profits flat and a downturn in ship broking. Lex also takes a look at the market in light of the rather surprising issue of a new "short tap" stock. Elsewhere, WGI has shown good recovery after the setback the previous year while Valor has performed well in a very depressed market.

### WGI up 56.9% to £1.2m

of items to different periods for tax and accounting purposes and for stock appreciation relief.

#### • comment

Taxable profits up by more than 50 per cent at WGI Group is an impressive recovery after the previous year's slump. A determined cost cutting exercise carried out by several regional offices in the civil engineering division helped WGI engineering and construction group to achieve taxable profits up by 56.9 per cent to a record £2m in the year ended March 31, 1978 compared with £1.3m on turnover ahead from £21.8m to £23.9m.

At the interim stage profits were up from £261,082 to £498,870 and directors anticipated continued progress and expected satisfactory results for the full year.

The group has entered the latest year with a high level of orders in hand.

A divisional analysis of turnover and pre-tax profits shows: civil engineering £7.94m (£7.54m) and £117,442 (£113,224 loss); refractory £4.48m (£3.53m) and £358,000 (£1478,522); process engineering £7.82m (£7.89m) and £444,336 (£468,338); and mechanical and structural engineering £1.59m (£2.34m) and £183,642 (£122,046).

Stated earnings per 25p share are 26.1p (17.1p) before tax, 16p (14p) after tax and 12.5p (8.1p) after tax at 52 per cent. The dividend is lifted to 5.5p (5.2p), as forecast, with a net final payment of 3.8p.

	1977-78	1976-77
Turnover	£1,682,227	£1,784,348
Profit after tax	£1,104,209	£1,202,965
Net profit	£74,224	£82,428
Extraordinary credits	£20,380	£10,717
Available	£113,214	£107,563
Dividends	£10,621	£9,663
Retained	£102,593	£97,895

PRE-TAX PROFITS OF Plysu, manufacturer of plastic containers and domestic wares, fell from a peak of £811,000 to £750,000 for the year to March 31, 1978, after £456,000 at half time. Full-year turnover was ahead at £11.0m compared with £9.42m.

Earnings per 10p share are shown as 11.5p (13.3p) and a final dividend payment of 0.8407p (£0.215p) lifts the total to 1.8836p net.

The directors state that within the next few months the company will have completed its factory extensions which should give adequate production space for the

years to come.

Provision has been made for the liability to corporation tax which may arise in the foreseeable future from the allocation

of retained surpluses in the year.

See Lex

### Plysu falls to £0.75m

A PRE-TAX loss of 50.4m against a £1.6m profit is reported for the November 30, 1977 year for the South African subsidiary by Dentsply, the U.S.-owned dental supply group.

Turnover for the year was ahead from £17.75m to £31.19m and the group trading profit was £2.45m compared with £2.02m previously.

The result is before a £12,000 tax credit (£1.6m charge) and extraordinary credits from write-downs arising on gross reconstruction of £1.0m. The 1974 figures include 11-months' results of AD International, a subsidiary acquired in the period.

Turnover of this company was little changed at £3.13m in the latest year against £3.2m in the March 31, 1978 year compared with £3.08m last time. Turnover was £18.87m compared with £13.97m.

The result is after exceptional costs of £104,000, which relate largely to redundancy payments associated with the reorganisation of metals and alloys.

This points to a second half profit before exceptional costs of £28.3m against £32.8m last time.

Directors say the expectation for the current year is that the group will do slightly better than the 50.35m indicated by the second half.

The final dividend is 0.5p per 20p share for a 0.825p total compared with 2.292p last year.

	1977-78	1976-77
Turnover	£15,867,100	£13,967,200
Profit before tax	£11,400	£3,600
Net profit	£8,800	£21,500
Extraordinary loss	—	—
From minorities	£4,900	£3,800
Dividends	£6,900	£12,000
Retained	£3,700	£4,500

75 companies wound up

Orders for the compulsory winding up of 75 companies were made in the High Court yesterday. They were:

Premier Promotions and Marketing, A and L Trucking Company, Zurich Merchant Leasing

To Fuller Horsey Sons & Cassel, 52 Bow Lane, London EC4M 9ET.

Please send me full information on the Eurolink Industrial Centre.

Name \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

Tel \_\_\_\_\_

McDaniel & Daw Chartered Surveyors

## Your place in the big build-up

The success of our first assault, gentlemen, is now overwhelmingly clear.

200,000 sq.ft. of warehousing and light industrial premises in the superb new Eurolink complex at Sittingbourne, Kent have now been occupied.

Heartiest congratulations!

Your next task is therefore obvious: immediately occupy the remaining limited number of units available from 5,000 sq.ft. up to 30,000 sq.ft. Your orders are to capture the next 100,000 sq.ft. as it becomes available during the next 12 months.

Once established, you can expand at will across 20 acres of planned future development.

I need not remind you of the vital strategic position of the site. Eurolink is minutes from the M2 motorway, 55 miles from London, 18 miles from Dover, and within easy striking distance of the roll-on/roll-off facilities at Sheerness.

Movement of transport and supplies is supremely easy due to the site's size and parking facilities. Eaves of all buildings are 20 ft. high.

The Eurolink Industrial Centre is a joint operation by The London Life Association Limited, and The Blue Circle Group.

And local transport services and amenities will suit your troops down to the ground.

Gentlemen, Eurolink and success is at your feet.

For further information contact HQ below

To Fuller Horsey Sons & Cassel, 52 Bow Lane, London EC4M 9ET.

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McDaniel & Daw Chartered Surveyors



Mr. Garry Weston, chairman of Associated British Foods.

## Valor ahead £0.6m to £1.65m—sees more

WITH TURNOVER up from £1.65m to £1.85m taxable profit, to profits at the Rainhill cooker factory last year was a factor in the margin improvement as was the absence of a write-off against the Belgium subsidiary which went into liquidation. Valor is still in litigation to recover the original cost of the acquisition from the vendor, but even if this fails Valor has already written off all its investment. Meantime, the outlook for the current trading year seems reasonably bright. So far in 1978 industry figures show gas cooker sales up by 30 per cent and Valor's are 5.9m extraordinary debt.

Earnings per 25p share are shown at 10.23p (£5.1p basic and 8.82p (£5.1p) fully diluted). On a nil distribution basis they are given at 10.54p (£5.75p) and 9.08p (£5.1p) fully diluted.

The final dividend of 1.433p (£1.246p) takes the total from 1.284p to 2.135p net. The increase has Treasury approval.

Mr. Michael Montague, the chairman said yesterday: "I am hoping for higher margins in the coming year. Demand is strong at present. There has been a pick-up in the sales of cookers and that has gone along exclusively to gas cookers."

The Valor cooker factory more than recovered its first-half loss in the second half of the year and is now working at full capacity and some 30 per cent above last year. On heaters, Valor will still have some 15 per cent capacity spare.

On the Belgian investment he said the company had written off the total cost of the investment if anything we have over-provided." Part of the purchase consideration, some £120,000, was held in escrow and he hoped that current litigation in Belgium would result in this coming back to the company.

The half year result is after interest of 10.15m (£5.3m) and subject to tax of 10.88m (£5.8m). Last year, share were minorly interests of £13,000. Attributable profit is shown at 11.1m (£1.64m).

Earnings per 25p share are given at 4.46p (£1.95p) and the interim dividend is lifted from 1.275p net to 2.148p.

Last year a 4.2735p final was virtually unchanged; it was not until the final quarter that

the company had recovered its 1.275p per share.

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# Confidence at C. E. Heath

Mr. F. R. D. Holland, chairman of C. E. Heath and Co., says in his annual statement that he is confident the group's new organisational structure will enable it to meet all likely challenges from within its own market and from abroad.

However, he cannot predict that the next few years will be easy.

On the underwriting side, Mr. Holland is sure that the overhauling of the syndicate account will prove beneficial and that a reasonable underwriting profit with its attendant commission will be achieved.

On the insurance broking side, the group will have to face the fact that with greater control being obtained world-wide over inflation and with more stable exchange rates, growth must come from new business and that to maintain profitability close attention must be paid to expense ratios.

For the year ended March 31, 1978, profits before tax rose from £11.27m to a record £14.65m. The gross dividend total is £7.18p against 6.68p previously, adjusted for a two-for-one scrip issue.

Available net profit is ahead from £8.7m to £10.4m and on a CCA basis is £11.4m, 15.4m.

On insurance broking, the chairman says the increase in brokerage income from £14.53m to £18.51m is an outstanding achievement. The rate of increase has varied to a certain extent from one operating division to another, but all made substantial increases.

Overall there were significant gains from the Australian insurance broking operation despite strong competition and also there are now positive signs that combined operations in the Far East are also making a contribution.

South Africa is still an area beset with problems but the chairman is hopeful that the situation is moving in a better direction and that in this current year it will be achieving a reasonable level of profitability.

In underwriting, the group's Lloyd's syndicates' accounts have recently been closed with the non-marine syndicate suffering a loss smaller than anticipated, while other syndicates showed reasonable profits.

It now looks as though the expected return to underwriting profitability for the main non-marine syndicate will commence with the 1978 account, Mr. Holland says.

Meeting, Baltic Exchange, EC, July 5, at noon.

Statement, Page 33

## Improvement at Dunlop subsidiaries

Improved pre-tax profits were reported for 1977 yesterday by two Dunlop subsidiaries, Dunlop Plantations and Dunlop Textiles.

Plantations' profit jumped from £4m to £7.9m on turnover of £23.96m (£17.38m), and before tax of £3.85m (£1.82m). Dividends absorb £1.1m (£0.66m).

## Western Provident growth

Strong growth last year is reported for Western Provident Association, a leading medical insurance agency, with subscription income in 1977 on its main fund—the Private Treatment Scheme—up by 38 per cent to £1.7m and a 38 per cent increase in investment income. However, claims for the year were 38 per cent higher at £1.25m—15 per cent of subscription income—and expenses were 27 per cent higher, so that the operating surplus on the year amounted to £149,000 against £85,000 in 1976.

At the end of the year, there was a surplus of £1.28m compared with the minimum requirement of £1.2m required under the Insurance Companies Act 1974.

Mr. A. G. Wright, the chairman's statement, points out that despite continued economic pressures the net number of subscribers to the association rose by over 20 per cent. He referred to the merger with Mid-Southern Hospital Contributors Association on December 1, 1977, which had resulted in a doubling of both membership and income. The amounts, however, only included Mid-Southern results for December and no adjustments had been made to the 1976 figures.

## W. Bromwich Spring up 80%

AN EIGHTY per cent jump in pre-tax profits from £33,200 to £203,475 is reported by West Bromwich Spring Company for 1977. Turnover in the year rose from £2.69m to £3.44m.

Mr. D. Cooper-Smith, the chief executive says the result was achieved in the face of dull trading in the automotive and engineering industries.

The results reflect the concentration on special markets, he says. The group has had considerable success recently in the agricultural machine market.

The increase in profits was coupled with a rise on cash and short term deposits from £226,000 to £400,000. The company still has no borrowings.

Earnings per 10p share are shown ahead from 3.96p to 7.06p and the final dividend of 0.706p net takes the total to 1.039p compared with 1.09p last year.

Shareholders received £500,000 worth of bonus Preference shares in March which has effectively doubled the dividend.

## BIDS AND DEALS

# Fluidrive rejects £5m Thomas Tilling offer

Fluidrive, the Middlesex fluid couplings group, has rejected a £5m offer from Thomas Tilling Petford's offer. But in view of the whose interests range from engineering to tiles and pottery.

Fluidrive yesterday decided to state its reasons for rejecting the offer but said the reasons would be given to shareholders following the despatch of Tilling's offer document.

In the meantime, Fluidrive added that it strongly advises its shareholders to retain their shares.

The share price is another 29p, up to 78p compared with the bid price of 73p.

Tilling is offering five shares of 20p each for every eight 20p Fluidrive shares.

The Board has "been given to understand that Bourboune has not ruled out the possibility of an increase in its offer."

**STANDARD CHARTERED U.S. LTD LIKELY TO BE SCRUTINIZED**

The proposed acquisition of Union Bankers by Standard Chartered Bank for \$32m or \$33 a share is sure to get "very close regulatory scrutiny."

This was stated by Mr. Harry Volk, Union's chairman and chief executive officer, at a Press conference in Los Angeles yesterday, which was also attended by Standard Chartered's chairman, Lord Barber, and its managing director, Mr. Peter A. Graham.

Volk, in his statement, points out that despite continued economic pressures the net number of subscribers to the association rose by over 20 per cent. He referred to the merger with Mid-Southern Hospital Contributors Association on December 1, 1977, which had resulted in a doubling of both membership and income. The amounts, however, only included Mid-Southern results for December and no adjustments had been made to the 1976 figures.

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## BANK FOR INTERNATIONAL SETTLEMENTS: ANNUAL REPORT

# Three-way stimulus for world growth

BY DAVID FREUD

INTERNATIONAL growth could be reactivated by a three-pronged policy of reducing oil import bills, concerted expansionary action featuring tax cuts and a continuation of the fight against inflation, the Bank for International Settlements said yesterday.

The bank's annual report said that the weakening of world economic activity last year was largely unexpected and there were still depressive influences at work.

These influences were the same as those which last year tilted the balance outside the U.S. in favour of slower growth, the shrinking but still sizeable oil surplus, the payments imbalances among industrial countries and the resulting currency unrest, persisting cost/price inflation and structural problems in some of the highly developed, export-oriented, industrial countries.

On a more optimistic note, the bank said that the forces which could contribute to renewed growth seemed to have strengthened many countries, both in western Europe and among developing nations, had gone far towards redressing their external balances and their relative positions. The supply of funds for balance-of-payments financing showed no signs of becoming tighter.

There was awareness in Japan and Germany that a steady, healthy expansion of domestic demand was as important for these countries as for the rest of the world. In the U.S. the outlook was for continued expansion, although probably at a slower pace.

On balance, therefore, it appears unlikely that depressive influences could prove strong enough to push the world further into recession. But it seems equally unlikely that economic growth could resume a satisfactory course in the absence of further stimulatory measures.

Taken with due regard for relative payments imbalances and the continuing need to reduce inflation:

"The chances are that, with no change in policies, economic activity and trade would continue to grow at a very slow pace."

While such a development could hardly be described as a world crisis, it would entail a number of potentially grave consequences for industrial and developing countries alike.

One obvious consequence would be the widespread persistence of high rates of unemployment, particularly if rises in real wages continued to support the strong labour-saving bias of investment policies. In this event, the growth of labour productivity could tend to equal, or even exceed, that of output.

## The shifts

Producing countries—would have to spread over a fairly long time span.

The burden of further adjustment therefore would have to be borne by oil consumers, either by economising on overall energy consumption, substitution of other forms of energy or, in some countries, by expanding domestic oil production.

The second major constraining factor was the balance-of-payments disequilibrium among industrial countries, more specifically between the US on the one hand and Japan, West Germany and Switzerland on the other. The reduction of the imbalances required adjustment measures by these countries.

However, it would be unrealistic and potentially dangerous for the world economy to record a strong overall domestic restriction in the US and conversely, strong domestic expansion in West Germany and Japan.

In practice, neither of the surplus countries was likely to be very successful in strengthening world demand unless a number of other countries took action as well.

In a sluggish world economy, the export-oriented structure of their industry precluded any satisfactory short-term revival of domestic demand through investment and it would be unrealistic to expect a sufficiently quick adjustment through private consumption alone.

It follows that, although more moderately than in these two countries, domestic expansion may have to be stimulated elsewhere as well—in countries where balance-of-payments constraints have been reduced and where inflation rates have been brought down substantially.

It was essential that the expansion should not be initiated through easier monetary policy. Expansionary fiscal policies would be less likely to elicit countervailing market reactions and the risk would be even less if fiscal action were to rely on tax cuts rather than additional government spending.

If fiscal expansion was pursued moderately, it would be unlikely to trigger a revival of demand-pull inflation.

Furthermore, cuts in income tax should be conducive to greater wage restraint since they provided a practical alternative to pre-tax wage increases. This should help undermine the cost/price spiral.

The first factor was the oil surplus. Recyclining, though necessary, was no more than a palliative. One component of real adjustment—the absorption of goods and services by the oil-

# Exchange rate movement aids U.S. trade

BY MARY CAMPBELL

THE SHARP exchange rate movements in the past year have caused a further deterioration in the competitive position of Japan and Switzerland in international trade while enabling the U.S. to further improve its position.

The Bank for International Settlements reaches this conclusion in an analysis which has not hitherto been a feature of its annual reports, and in which it particularly compares trends in relative unit labour costs with trends in effective exchange rates.

Germany, Britain and Italy are quoted as the major exceptions of countries in which larger movements of effective exchange rates have been accompanied by little change in competitive positions.

The analysis chronicles the changes in competitive positions since 1971. In the case of the U.S., the bank says, a spectacular improvement of the international competitive position occurred as a result of the 1973 depreciation of the dollar, but the subsequent maintenance of the competitive advantage did not prevent the surplus from disappearing in 1976 and being replaced by a \$20bn deficit last year. This in turn led to a further depreciation of the dollar and strengthening of the U.S. competitive position from late 1977 onwards.

The exception

"In Japan, the deterioration in the competitive position in 1973 was resumed last year, after the turnaround in the balance of payments from heavy deficit to surplus."

In both the U.S. and Japan, the changes in competitive positions were considerably less if measured by movements of industrial wholesale prices and export unit values than in terms of unit labour costs. This meant that profit margins fared better

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## INTERNATIONAL FINANCIAL AND COMPANY NEWS

**S of Another  
Catalan  
bank for  
Santander**

By David Gardner

BARCELONA, June 12.—BANCO DE SANTANDER, the sixth largest of Spain's "big seven" national banks, has bought its second Catalan bank last fortnight, after confirming yesterday Friday night that the heads of the Banco Commercial de Madrid (BCE), had been authorised by the boards of Prohíbims SA, which owns 30.5 per cent of the BCE, equity holder of the Banco Industrial del Mediterraneo (BIM), Prohíbims' major shareholder. Santander last month bought the biggest of the Catalan family banks, Banca Jover, after approaches through a foreign intermediary. The BCE purchase has been closed at a similarly high price close to £100m (\$175m) in both cases—but followed direct negotiations between Santander president Sen. Emilio Botin and the chairman of BIM, Sen. Martínez Fortun.

The sale was preceded by rumours of disagreement on the BIM Board and reports in the Madrid Press that the deal had been contested through representations to the Bank of Spain, which alleged the prior existence of a firm contract thought to be with a Valencian savings bank.

Santander thus continues to take advantage of the tendency of the smaller commercial banks in the present economic climate to merge into larger units at the same time as it further reinforces its presence on Catalonia. Catalonia is Spain's most important industrial area and traditionally the region which generates the highest level of saving. Santander's recent acquisition of two Barcelona-based banks is undoubtedly the result of a valuation of the future profitability of having a Catalan "shop window" for its local operations, in a regionally-consolidated state likely to become increasingly decentralised.

Nearly 80 per cent of the original shareholders—through an exchange of Prohíbims for Santander shares—making Prohíbims and therefore BIM one of the three most important shareholders in Santander with the right to name a member of the Board.

On the surface this resembles the process by which local or family-run banks have sold out in exchange for a major holding in a national bank, and has led to suggestions that BIM itself may soon merge with Santander, a possibility which BIM directors rule out.

An alternative interpretation is that Santander will merge the majority of BCE's 30-and branches into its own operations while retaining the BCE licence for a possible sale to a foreign bank.

The BCE had approximately

£15.12bn in deposits at the time of its sale, while the BIM figure in 1972 was around £1.25bn in deposits.

## Higher profits needed to revive Swedish investment

By WILLIAM DULLFORCE

THE PROFITABILITY of Swedish companies is still at a "critically low" level and a substantial increase in the return on invested capital is required to achieve a broad revival of investment activity in Sweden. So says Skandinaviska Enskilda Banken (SEB), in its June survey of the Swedish economic scene.

The combined return on capital of all companies listed in the Stockholm Stock Exchange, excluding banks, was almost

last year and 1978 will be another meagre year according to SEB. It estimates that the combined net return after cost calculated depreciation and taxes could recover to around 10% (82.7%) in 1979, though the improvement would be due mainly to the fact that some companies making heavy losses,

such as the steel works of Gränges and Stora Kopparberg, are no longer listed on the stock exchange.

The inadequacy of company profits is highlighted by a comparison with the rapid inflation of the last few years. In 1971, at the bottom of the previous business recession, Swedish companies still turned in net profits of around Skr 2bn. Adjusted to 1978 prices this figure would correspond to almost Skr 4bn.

Company profits this year will therefore probably be only a quarter of the level maintained during the 1971 recession, SEB argues. If State subsidies are deducted, earnings would be even lower. In view of the drastic reduction in both profitability and debt-equity ratios, the bank does not find it

surprising that industrial investment will plunge even further downward this year.

SEB also comments on the monetary problems created by the budget deficit, which is expected to reach Skr 40bn in 1978.

The Riksbank (Central Bank)

will have to act to prevent the fast growth in the money supply from accelerating credit expansion and boosting prices. A large part of the increase in bank deposits will thus have to be placed in Government securities.

To achieve this, the Riksbank is likely to raise the bank's liquidity ratios further in the near future and, provided the Krona remains stable on the currency markets, a further depreciation in interest rates may be anticipated, SEB forecasts.

## Astra optimistic as sales boom

By OUR NORDIC CORRESPONDENT

ASTRA, the Swedish pharmaceutical concern, increased sales by 20 per cent to Skr 844m (\$140m) in the first four months compared with the corresponding period last year. No profit figure is given in the interim report, but managing director Alf Widengren, reiterating his previous forecast of 15.50 per cent rise in sales to Skr 2.21bn for the year as a whole and profits in the Skr 130-140m bracket compared with last year's Skr 116m.

Exports are leading Astra's growth. Sales abroad increased by 26 per cent to Skr 400m in the first four months compared with a 10 per cent growth in Swedish turnover. Foreign plants accounted for three-quarters of the expansion in pharmaceutical division sales during the period.

Growth was lower in chemical products, where sales of consumer goods in Finland and Sweden developed more poorly.

The last account covered the

18-month period to March 31, 1977, during which Papyrus merged with Koparfor. It showed earnings of Skr 188m on sales of Skr 1.5bn.

The Board proposes to pay shareholders a dividend of Skr 2.90 a share on the 13-month 1977-78 account. This is almost exactly the same as the Skr 4 a share paid for the previous 18 months.

The pre-tax figure of Skr 72m includes minority shares of Skr 46m, an extraordinary net income of Skr 7.6m and state stock support of Skr 7.5m. Stock losses reduced the result by Skr 4.5m.

The operating income before depreciation was Skr 249m. Depreciation totalled Skr 111m and net financial costs came out at Skr 65m, a major increase over the previous account. The latest account includes the Hylte pulp mill, in which Papyrus increased its holding to 55 per cent during the 13-month period.

## Slow first half at Solvay

BY A CORRESPONDENT

BRUSSELS, June 12.

SOLVAY, the Belgian chemicals group, is not particularly optimistic about the profits outlook for 1978 after a sluggish first half, and expects no marked increase in business this year.

Chairman M. Jacques Solvay told the annual meeting that the chemical industry still faces a future of low growth rates and overcapacity, while Solvay does not think there will be any overall economic recovery in 1978.

He said that he had a certain lack of enthusiasm for forecasting results for the current year. Backing up the general picture of gloom, M. Solvay revealed that

the company's operations in Belgium lost more than Brf 1bn over the past three years including Brf 430m last year.

The usual problems for Belgian exporters of their domestic wage and energy costs were blamed, plus the strength of the Belgian currency on almost all of its exports markets. About half of Solvay's production in Belgium is exported directly and another quarter indirectly in the form of finished products to its customers.

In 1977, Solvay's gross profits fell Brf 2.7bn from Brf 4.9bn, while sales rose to nearly Brf 8.5bn, from just under Brf 6.8bn. The dividend was maintained at Brf 200.

## Nestle still biggest Swiss group

BY JOHN WICKS

ZURICH, June 12.

NESTLE LAST year remained far and away Switzerland's biggest company, with turnover of SwFr 20.05bn (\$10.6m) according to a survey drawn up by the Zurich weekly, Schweizerische Handels-Zeitung. Next in the list were the Basile-based chemical concern, Ciba-Geigy, with SwFr 9.94bn, and the Baden engineering group, Brown Boveri, with SwFr 8.2bn. Other top industrial undertakings in the list included Hoffmann-La Roche, chemical company with group sales of SwFr 8.45bn, Swiss Aluminium, with SwFr 5.44bn and the Säntis chemical group with SwFr 4.77bn.

Leading services concern was the Migros retail and service co-operation, with 1977 sales of SwFr 7.22bn, followed by the Swiss Co-op with SwFr 5.13bn and the forwarding agent and transport company Danzas, with SwFr 3.56bn.

Top of the list in terms of last year's cash flow was Hoffmann-La Roche, with SwFr 1.51bn, followed by Nestle with SwFr 1.4bn and Ciba-Geigy with SwFr 1.05bn.

Recovery plan for French paper concern

PARIS, June 12.

A THREE-PART programme designed to enable the French paper and pulp concern Groupeement Européen de la Cellulose to recover its financial balance has been unveiled.

The group has been severely affected by the fall in international paper pulp prices.

Firstly, its capital will be raised by FFr 70m (\$15.2m) with the French industrial development institute (IDF), the Canadian group Macmillan Bloedel, Credit Agricole and the Belgian Société Nationale d'Investissement (SNI) all contributing.

Secondly, a deferral of loan repayments and financial charges totalling FFr 20m has been obtained.

Finally, the group has been granted new loans and subsidies totalling FFr 242m, of which FFr 160m are to come from the French government's economic and social development fund.

Macmillan Bloedel, with 40 per cent of La Cellulose will be charged with managing the group.

AP-DJ

Algemene Bank Nederland (ABN) has opened a new office in Riyadh, the Saudi Arabian capital. It also said that it has plans for a string of new offices in the country, writes Charles Batchelor in Amsterdam.

BRAZILIAN INVESTMENT S.A.

Net Asset Value per Depositary Share as of 31st May, 1978 U.S.\$128.43

Listed on the London Stock Exchange

## Accounting change boost for MAIBL

By Michael Blanden

MIDLAND AND INTERNATIONAL Banks (MAIBL), the oldest of the London-based consortium banks, reports net profits up from £1.89m to a record £2.44m for the year ended March.

The company's order books from a change in the bank's accounting policy under which, as a move towards full disclosure, it has reduced the proportion of profits transferred to reserves before arriving at the published figures.

Nevertheless, the record results reflect a real increase in earnings in spite of the depressing effect of the exchange rate changes during the year and the impact of the pressures on lending margins.

Lord Armstrong, the chairman, said that the results were gratifying against the background of the "continuing difficult circumstances in international banking." The bank also stated that it was moving towards full disclosure of its finances—it is the only consortium bank which is exempt from disclosure—and transfers to inner reserves reflected this change in

The chairman did not expect a short-term improvement in the highly competitive worldwide banking market. In his statement he wondered "just how far this competition can drive margins downwards before some yet to be identified catalyst emerges to correct the trend."

London Interstate Bank, another London-based consortium bank, reported pre-tax profits down from £25.000 to £20.900. Mr. Ben S. Barnes, the chairman, said that the bank's performance improved in relation to net interest income and fees from loans. But the overall performance was affected by lower sterling interest rates and the weakness of the dollar.

## Creusot-Loire deficit up tenfold on steel losses

BY ROBERT MAUTHNER

CREUSOT-LOIRE, the nuclear, heavy engineering and steel-making arm of the Espain Schneider empire has announced a net consolidated loss of FFr 222m (\$48.4m) in 1977, a tenfold increase on the previous year's shortfall of FFr 22.5m.

A company spokesman said that the group's heavy engineering and contracting activities were again expected to make a substantial profit in 1978, while steelmaking, which was responsible for this year's heavy loss, would probably break even this year.

The improvement in the steel-making sector was expected to take place in the absence of a general economic recovery, thanks to the effects of the EEC's Davignon plan and the radical rationalisation measures adopted by Creusot-Loire in 1976. Though Creusot-Loire's parent company also made a substantial loss in 1977, it had already led to an increase in prices this year of FFr 155m, after depreciation

of 42 per cent to FFr 5.8bn, while of 10 to 15 per cent, the company's sales of the ailing steel-pointed out.

The company's order books for heavy engineering and steel products are considered to be "relatively satisfactory" at the moment. But Creusot-Loire is nevertheless cutting down its investments to a minimum. Though declining to give any precise figures, the company said that investments in 1978 would be substantially less than last year's FFr 300m, and that none of them would be devoted to increasing capacity. This year, as in 1977, a big proportion of new investment would be earmarked for energy-saving equipment.

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## BSN-Gervais Danone reverse

BY DAVID CURRY

PARIS, June 12.

A BAD YEAR in the drinks back the group's drinks sales, increasing its prices by enough particularly of beer, for which to meet higher costs. As with the investment programme in flat glass were the two main factors behind a sharp reduction in the consolidated profits last year of BSN-Gervais Danone. Attributable net profit was down from FFr 14m (\$3m) from FFr 35m but the dividend is being lifted from FFr 25.20 to FFr 27, which means a final pay-out after a tax bonus of FFr 40.50 per share.

The company generates slightly over half its turnover between 1970 and 1978 in the food and drink sector, with the remainder in flat glass and, mainly, glass packaging. In the ratio of about two to one, the food and drink sector gained only 6 per cent in sales last year whereas packaging managed 8.9 per cent and flat glass a 9.8 per cent improvement.

Finally, the imposition of 200.026 of the 400.000 shares, Government price controls in while Louis Dreyfus et Cie will hold the balance.

**FROM NOW ON  
BLUE CIRCLE  
IS THE  
ONLY NAME  
TO KNOW**

For seventy-eight years we've traded as The Associated Portland Cement Manufacturers Limited and APCM is our familiar name in the City.

But for many of those years we've been

identified by our famous Blue Circle symbol, and Blue Circle is what we've come to be called by customers and the public at home, and overseas.

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AP-DJ

Blue Circle Industries Limited



1978

THE OWNER'S AWARD FOR EXPORT ACHIEVEMENT





## WORLD STOCK MARKETS

## Dow improves 4.5 in reduced early trade

**INVESTMENT DOLLAR PREMIUM**  
\$2.60 to \$1.1214% (19%)  
Effective \$1.0390-\$1.1% (40%)

**SHAKING OFF THE SLIGHTLY EASIER TURBULENCE** prevalent at the weekend of last week, Wall Street went to a firmer course yesterday morning in reduced activity.

The Dow Jones Industrial Average improved 4.31 to 862.11 at 1 pm, while the NYSE All Common Index put on 11 cents.

Closing prices and market reports were not available for this edition.

to \$36.19 and gains led declines by a seven-to-six margin. Trading volume contracted to 17.94m shares from last Friday's 1 pm level of 22.68m.

Analysts said the market's performance on Friday in giving up only a token loss in the U.S. money supply. Such a rise sometimes heralds a tighter monetary stance by the Federal Reserve, forcing up interest rates to check the money growth.

However, analysts added, investors seem to be looking beyond the expected near-term rise in interest rates to a slower economic growth rate later in the year, which could ease inflationary, monetary and interest rate pressures.

Analysts also commented that the market is still its own domestic radio business at loss.

best advertisement as portfolio managers continue to buy stocks in advance of end-of-quarter statements.

General Dynamics jumped 41 to 500, it has settled a dispute with the navy over cost over-run claims that it said would have forced it to stop work on a submarine contract if not resolved.

Bethleem Steel picked up 1 to 542—it is raising prices of steel mill products about 3 percent on July 9 and will do so again this year. The company said the modest rise was an effort to assist Government anti-inflation efforts.

IBM rose 62 to \$27.1, Teledyne 81 to \$18.1, and International Telephone & Telegraph 10 to \$30.1.

Union Electric, however, lost 14 to \$24.1 in active trading—it said it will probably take several months to obtain necessary approvals for the acquisition of the company by Chartered Bank.

PRICO moved higher in active trading on the American Stock Exchange, the market index advanced 0.63 at 140.95 at 1 pm. Volume 2.96m shares (2.77m).

Sonderling Broadcasting gained 14 to \$1.1, Viacom International 14 to \$1.1, in a definitive pact to buy Siderling for \$22.50 a share.

Viacom eased 1 to \$21.1 and Pioneer Electronic Y30 cheaper at \$1.820.

Automatic Radio lost 1 to \$31

it is to sell a large part of its domestic radio business at loss.

Sales received a boost from news of increased beer sales. Kline Brewing advanced

## Canada

A firm inclination was apparent in fairly active early trading yesterday, the Toronto Composite Index recording a rise of 1.1 at 1,144.2 at 9.30 a.m. and gas and oil firms shed 2.0 to 1,385.3 and Banks 0.82 to 275.50.

Petrol Oil and Gas added 5 cents at C\$3.93 and Daen Development 24 up to C\$8.1 after both reporting higher earnings, but Skymile Hotels shed 3 cents to C\$1.03 on a low yield.

Geoff Miller said his U.S. unit had drilled a successful oil well in Texas, advanced 13 cents to C\$3.80 in heavy trade.

## Tokyo

Late profit-taking cut into early gains, leaving shares just a little firmer for choice on balance after moderate activity in the 1900s' session. The Nikkei Dow Jones Average was finally only 1.81 up at 5,511.89, after an initial 13 points rise.

Blue Chips and poplars, after extending Saturday's improvement, declined on the yen's appreciation in Tokyo. Honda Motor 100 up at Y100,000 at 5,580, Alpine Electric 730 up at Y1,050, Toyota Motor Y5 easier at Y105, and Pioneer Electronic Y30

cheaper at Y1,820.

Breweries received a boost

from news of increased beer sales. Kline Brewing advanced

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1 to \$36.19 and gains led declines by a seven-to-six margin. Trading volume contracted to 17.94m shares from last Friday's 1 pm level of 22.68m.

Analysts said the market's performance on Friday in giving up only a token loss in the U.S. money supply. Such a rise sometimes heralds a tighter monetary stance by the Federal Reserve, forcing up interest rates to check the money growth.

However, analysts added, investors seem to be looking beyond the expected near-term rise in interest rates to a slower economic growth rate later in the year, which could ease inflationary, monetary and interest rate pressures.

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1 to \$3

## FARMING AND RAW MATERIALS

**'Realistic' cocoa price sought**

ACCRA, June 12.

GHANA AND the Ivory Coast have agreed to secure a realistic price for cocoa, reflecting market trends, production costs and the purchasing power of the producing countries.

A communiqué signed at the end of a week-long visit to Ghana by Mr. Denis Brak-Kan, the Ivory Coast's Minister of Agriculture, also said the two countries would collaborate with other members of the Cocoa Producers Alliance to ensure that the shortcomings in the 1975 international agreement were remedied.

In London meanwhile talks have started on a possible renegotiation of the 1975 International Cocoa Agreement. A outline U.S. proposal for a new pact is believed to have been the main initial topic at the meeting, which is scheduled to last all week.

A producer proposal, is also expected to be put forward stating the inadequacies of the current agreement and suggesting alternatives based on either export quotas supported by a buffer stock or a buffer stock alone.

If renegotiation of the current cocoa pact was agreed a full conference would be held in Geneva early next year, delegates said.

In Accra the Ghana Cocoa Marketing Board said it had bought 2,540 tonnes of the 1978 mid-crop cocoa.

But it did not give the precise date of the start of the season.

Last year the mid-crop season started on June 17 but the first return incorporated the first two weeks of the season at 1,173 tonnes.

Reuter

**Philippines hit by new rice disease**

MANILA, June 12.

A NEW rice disease is threatening the Philippines' rich rice lands in the Cagayan Valley, 250 miles north of here.

Infectious gall disease, which is believed to be of viral origin, is transmitted by the brown planthopper to rice seedlings causing outgrowth which result in stunting, empty grains, abnormal branching and pronounced localised swelling on the leaf sheaths.

Government farm management technologists and extension workers in the area have been alerted to the possibility of a general outbreak. Other rice growing areas of the country have also been warned of the danger.

Reuter

## Furnace closure halts tin sales from UK smelter

BY JOHN EDWARDS, COMMODITIES EDITOR

CAPPER PASS, UK tin smelter, confirmed last night that it was unable to meet its contracted supply commitments because of an industrial dispute.

The company, which is a subsidiary of the Rio Tinto Zinc group, said "force majeure" on all its tin sales contracts with immediate effect and warned that it was unlikely to be able to restart regular deliveries for the next four weeks "due to the nature of our processes."

It is understood that once this happens there are considerable difficulties in restarting the furnaces.

Capper Pass is the sole UK tin smelting company, although Williams Harvey, which went into liquidation some years ago, is reported to be still producing some tin. Nevertheless Capper Pass, based in Hull, processes the bulk of tin mined in Cornwall as well as imported concentrates primarily from Bolivia.

According to the World Bureau of Metal Statistics, UK total holdings in LME warehouses, to 524,600 tonnes, was in secondary tin totalled more than 12,000 tonnes in 1976 and therefore had little impact on prices. But lack of demand and stop-loss selling as well as speculative profit-taking pushed cash prices down by £1.75 to £7.35

News of the force majeure helped steady tin prices in the London Metal Exchange yesterday. The market had initially been depressed by the decline in copper prices and a bigger-than-expected rise in LME tin warehouse stocks, up by 445 tonnes to a total of 2,280

Copper Pass is an important supplier of tin to the LME, with 740 tonnes currently at Hull in Warehouse.

As a result, there is more movement by US producers, but likely to be pressure on the cash tin by National Zinc, which yesterday lost £15 Zinc to rescind its price move to £8.700 a tonne, but moved to 31 cents because it claims an £85 premium over the three months quotation.

Copper led a general decline in LME silver holdings, fell by in other base metals. A fall of 50,000 to 17,800,000 ounces.

## Hen culling plan rejected

BY CHRISTOPHER PARKES

THE EGGS AUTHORITY has culling scheme would be pre-mature,"

It is willing to prepare a chick hatching campaign "should the situation deteriorate in coming weeks" and has asked the industry to limit its Ministry of Agriculture and Industry organisations.

One leading hatchery owner said yesterday the British laying flock should be cut by five per cent. This would involve the slaughter of 2.5m hens out of a national total of 50m.

Mr. Denis Cummings, chief

executive of the Eggs Authority, thought the removal of 500,000 surplus old hens would restore balance to the market.

Officials at the NEFU also favoured the lower estimate but said they were disappointed that the authority had not taken action. They warned that there was no benefit to anyone in a glut of eggs.

Shop prices might come down, but over-supply could lead to delays in selling and the appearance of eggs two to three weeks old in the shops.

Mr. Cummings also warned that the introduction of hen culling now could hit the trade in meat for the soup and processed products market. He suggested that food manufacturers might consider buying more old hens and accelerating the normal removal of this meat from the market.

Surplus layers were selling to the industry for 5p to 8p a pound compared with 12p a pound six months ago and 17p a year ago. Although stocks were high there was a case for freezing even more for future use.

Surplus hens killed en masse would probably go to the fertiliser or glue factories, earning farmers about 10 a pound.

Any decision on dealing with the egg surplus seems likely to depend on the behaviour of the market elsewhere in the EEC.

## 'Bully' Silkin attacked

BY ROBIN REEVES, WELSH CORRESPONDENT

MR. JOHN SILKIN, the Minister of Agriculture, and Mr. John Morris, the Secretary of State for Wales, have been denounced as "bully" by a Conservative spokesman, over the issue of reconciliation between the National Farmers' Union of England and Wales (NFU) and the Farmers' Union of Wales (FUW).

The denunciation came from Mr. Nicholas Edwards, shadow Secretary of State for Wales, during the Welsh Conservatives' conference in Ilfracombe at the weekend.

Mr. Edwards accused the two Ministers of "staggering insensitivity" by threatening effectively to force the two unions to sit around the same table for Ministry consultations.

The NFU is so far continuing a boycott policy towards joint meetings with the FUW, which began as an NFU breakaway body 22 years ago.

Mr. Silkin and Mr. Morris have

warned they are not prepared to put up with separate consultations indefinitely.

## Further fall in coffee

COFFEE PRICES fell again on the London futures market yesterday as fears of serious Brazilian frost damage receded. September delivery coffee ended the day £80.5 lower at £1,686 a tonne after slipping to £1,670 at one stage.

The Brazilian weather office lifted its frost warning for southern Brazil on Sunday and forecast a period of milder weather. Minimum overnight temperatures in the north Paraná coffee areas were well above freezing at about ten degrees centigrade.

But the danger has still not entirely passed. Weather office sources said there was another cold front from over southern Argentina moving rapidly towards Brazil. It was not possible to say if or when the cold air would reach the coffee areas.

The São Paulo Agriculture Federation meanwhile forecast that the state's 1978/79 coffee crop would be only 5.6m bags (80 kilos each), 30 per cent below a recent Brazilian coffee institute estimate.

Our Nairobi correspondent reports: Mr. Mwai Kibaki, Kenya's finance and planning minister, said today that the Kenya coffee crop this year had been "a total disaster."

Very heavy rains had limited flowering and the tonnage produced would be down 30 per cent down on last year's production, a record 97,066 tonnes.

But the rains had a very beneficial effect on other agricultural products, such as tea.

Mr. Kibaki said: "Coffee prices are likely to be dicey this year, but if they maintain an average of £1,500 a ton we won't be terribly miserable."

In 1977 the earnings of coffee producers doubled and those of tea producers tripled, compared with 1976. Producers of sugar, milk and maize also had a good year but wheat pyrethrum and sisal were disappointing.

While accepting that free trade inside the EEC is "inevitable," he does not subscribe to the notion that a full-scale regulation is needed for a commodity which accounts for only 3 per cent of EEC meat consumption.

He is mistrustful of those who

## NEW ZEALAND LAMB TRADE

# Fresh bid to keep access to EEC

BY CHRISTOPHER PARKES

THE SATURATION lobbying of Common Market politicians continues this week with the start of yet another European tour by Mr. Brian Talboys, right-hand man to Mr. Robert Muldoon, the New Zealand Prime Minister.

Mr. Talboys, who follows on the heels of the hapless Australian negotiator Mr. Victor Gardiner, who was sent packing last weekend by an un receptive Community, hopes to ensure that whatever the Nine do while sorting out their problems over free trade in sheep within their own frontiers, they offer no threat to his country's vital exports of lamb to Britain.

He does not react well to any suggestion that now might not be a good time to restart negotiations. The cursory treatment afforded to Australian attempts to regain access to Europe for food exports does not deter him.

"The time to come and negotiate is when the Council of Ministers starts to talk," he said. The EEC Commission's latest proposals for Community regime governing marketing of lamb are due to be discussed by the Agriculture Ministers next month.

Mr. Talboys, a "parteanteau" minister who is responsible for foreign affairs and for overseas trade and who acts as deputy premier, seems intent on developing the doubts about the proposed "common market" in lamb already present in the minds of EEC Ministers.

While accepting that free trade inside the EEC is "inevitable," he does not subscribe to the notion that a full-scale regulation is needed for a commodity which accounts for only 3 per cent of EEC meat consumption.

Such a simple solution is unlikely, but Mr. Talboys' fundamental argument that a regulation is unnecessary and might find favour among the

New Zealanders are right to be fearful. Any common policies attempting to merge the high-low price market in France with the low-price trade in Britain will lead to rapid and heavy increases in retail prices in Britain.

Those who argue that French farmers' insistence on top-whack market prices for what they view as a luxury meat can be tempered by subsidies or compensatory amounts are wrong, at best misguided.

Mr. Talboys has already won the unconditional backing of the consumers' groups in Britain. Now he has to sway Mr. John Silkin, renowned at home as the consumers' champion and Minister of Agriculture and internationally as something of a hero among New Zealand farmers.

Mr. Silkin evidently has not yet made up his mind about tactics. His Ministry has already succeeded in putting off any substantial talks on mutton for the past three years, and with meat price inflation in Britain already running well above overall rates this year, he may be counted on to agree to anything which makes damage to the industry less likely.

The sheep industry is one of the mainstays of the New Zealand economy. Its exports last year of meat, wool, tallow, live stock and the rest were worth £72m, accounting for almost 40 per cent of the country's exports, and equivalent to 10 per cent of New Zealand gross national product.

About £100m of the income was earned on sales of lamb and mutton to the EEC, which imports 70 per cent of New Zealand's lamb exports and 10 per cent of its mutton exports.

With so much at stake the pining-pinch Germans.

## Wheat pact settlement 'urgent'

MEXICO CITY, June 12.

THE SUCCESSFUL conclusion of negotiations for a new International Wheat Agreement is an urgent priority, according to a Mr. Paul Dalsager the Danish Agriculture Minister, representing the EEC.

He told the meeting the immediate task was to see whether prospects were good enough to call a plenary meeting of the International Wheat Council in September.

The draft calls on the Government to ensure that the wheat agreement includes reserves adequate to provide food security and reasonable price differences were by no means insubstantial. Mr. Michael Johnston, trade policy co-ordinator of the new agreement.

## PRICE CHANGES

Prices per tonne unless otherwise stated.

## WOOL FUTURES

LONDON

The market was dull and featureless.

Baa-Halcyon

Reported

per cent.

Mutton

Reported

per cent.

Fleeces

Reported

per cent.

Cattle

Reported

per cent.

Sheep

Reported

per cent.

Lamb

Reported

per cent.

Wool

Reported

per cent.

Fleeces

Reported

per cent.

Cattle

Reported

per cent.

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per cent.

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Reported

per cent.

Sheep

Reported

per cent.

Lamb

Reported

per cent.

Wool

Reported

## STOCK EXCHANGE REPORT

# Another big demand for Gilts—New short tap stock Equity leaders quietly firm with index up 5.3 at 472.2

**Account Dealing Dates**  
Option  
\*First Declaration Date  
Declarations Due Day  
May 30 June 8 Jun. 9 Jun. 20  
Jun. 12 Jun. 22 Jun. 23 July 4  
Jun. 26 July 6 July 7 July 18  
\*Now time dealings may take place  
from 9.30 a.m. two business days earlier.

British Funds continued to dominate markets yesterday. Still enthused by the Government's recent tightening of controls on credit, institutional sources, invested strongly again in both long- and short-dated issues and this soon exhausted the authorities' supply of the short tap. The £500m annual issue of replacement stock, £500m of Exchequer stock, 10 per cent, at £53 (£15 paid payable on application) came as no surprise, but quotations came back slightly to close off the top at the short end of the market and 1 at the long end. Nevertheless, gains still ranged to a point and sometimes more which left the Government Securities index up 0.20 at 719. This was very little selling in the late market, the rotation from the best mainly reflecting the cautious attitude being taken by jobbers in view of the sizeable amount of investment funds to be found for this week's two new issues.

Despite again being overshadowed by the Funds, equity markets took a turn for the better as the new Account got under way. Scattered small selling of the Industrial leaders was more than matched by the occasional institutional buying order and the FT 30-share index gradually edged forward to close at the day's highest with a gain of 5.3 at 472.2.

The day's more noteworthy movements mainly resulted from weekend press mention and containing bursts of bid speculation. Among the sectors, Discount issues were again good in sympathy with the rise in Gilts.

Insurance closed with some useful gains. Royals put on 10 to 43m. General Accident improved 8 at 218 and Guardian Royal Exchange added 6 to 229. Commercial Union and Eagle Star both put on 5 to 150 and 141 respectively.

Although closing on a firm note, price movements in Breweries were usually restricted to a point or so. While Fixed Interests were featured by the debut of five new preference issues, all issued by way of capitalisation to ordinary holders they were Automotive Products, Clive Discount, I. J. Dewhurst, Greenhill Miltlets and Smith St. Aubyn. First-time dealings in Fairview Estates 13.85 per cent debenture, issued by way of rights, were recovered at 25p premium and closed at 25.25.

A good two-way trade in investment currency ended with buyers having the edge and the premium higher at 11.82 per cent. Much of the demand was for the purveyors of investment in both U.S. and

Hong Kong securities. Foreign Bonds, Bulgarian issues attracted renewed attention after Friday's flurry on news that Bulgaria was seeking to settle its pre-war debts with the West. Following general rates of between 4 and 5 points on that day, the 4 per cent 1907 and 1909 improved a point more to 16, while some other bonds were similarly higher.

The volume of business in Traded Options again fell much to be expected. One new item was shown throughout and total contracts done were 272, as against last Friday's total of 484. ICI were the most active, with 132 deals with the new July 420 shares again popular, recording 82 contracts done.

Further demand lifted Eurodollar 6 to 190p, but Thames Plywood made a relatively quiet re-introduction, trading between extremes of 38p and 35p before settling at 36p compared with the placing price of 34p.

### Banks better

The prospect of improved profit margins following Friday's round of base lending rate increases and the introduction by Lloyds, attracted buyers to the major clearing banks which closed at or near the day's best. Midland closed 10 to the good at 260p and Lloyds finished 7 higher at 271p as did Barclays, at 333p. NatWest ended 5 higher at 270p. Discount tools last Friday's good gains, stage further with 10 gains in otherwise quiet Televisions. Under A rose 9 to a 1978 peak of 69p following Press comment.

Late publication of the retail sales figure for May encouraged further attention to buying of the Store leaders which settled at the best of the day. Elsewhere, Combined English, additionally helped by Press comment, closed 4 to the good at 97p and Mothercare closed a similar amount dearer at 180p. Press comment ahead of tomorrow's results promoted a fresh improvement of 4 to 265p in Allied Retailers, while Foster Bros. put on 2 to 117p in reply to the chairman's annual statement.

Occasional firm spots in Electricals included Ever Ready, up 4 at 151p, GEC, 6 higher at 266p, and Thorn Electrical, similarly dearer at 330p. BICC closed penny harder at 113p, sentiment being little affected by news that the company along with three other concerns is to repay a total of £9m to the GPO for part telephone cable sales. Speculative demand lifted Farnell Electronics to 128p, and Forward Technology to 130p, but renewed selling left Pyle Holdings 3 cheaper at 95p.

An investment recommendation helped Hawker improve 4 to a 1978 peak of 236p among quietly Engineering leaders. Tubsco also put on 2 to 374p and GKN improved 3 to 256p. Elsewhere in the preliminary results Johnson Matthey

among the Board's optimistic statement left Leyland Paint 12 to the good at 713p. In contrast, Magnet and Southern encountered small selling and closed 10 lower at 100p. London Brick eased 2 to 68p, while Millgate were lowered 6 to 100 reflecting business late in the year.

Albright and Wilson moved higher to 137p on hopes that the offer from French might forego a Monopolies Commission reference. All dealers were suspended at 1pm pending an announcement. Respective improvements of 5 and 8 were recorded in ICI, 392p, and Flisons, 338p, but Plessey

improved 8 to 174p elsewhere.

Aviation's Thursday's interim statement, Tax and Tyle improved

2 to 230p in reply to the chairman's speculative support.

WGL edged forward 1 point to 16.55p, while WGI edged

forward a penny to 106p reflecting the higher annual earnings.

Further consideration of the figures brought a gain of 3 to 76p in Camford.

Aviation's Thursday's interim statement, Tax and Tyle improved 2 to 174p elsewhere.

Finally 5 easier at 235p, Associated Book Publishers rebounded on late demand to close 3 higher on balance at 245p. Small buying left Bend Brothers 4 better at 71p, but W. N. Sharpe gained 5 to 183p after great firmness in the preliminary reorganisation plans.

Properties passed a quietly firm session with Land Securities, dull of late on trading news,

recovering 4 to 265p and

MEPC adding a couple of pence to 195p.

Berkley Berkeley, 190p, was

dislodged of its share stake in Swire Properties. Swire closed 4 higher at 61p. Property and

Reversionary A put on 8 to 300p

at 190p, after great firmness in

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# **INSURANCE, PROPERTY, BONDS**

# **AUTHORISED UNIT TRUSTS**

Key Data		Fund Type		Investment Focus		Performance		Management		Regulation		
Unit Trust Mgrs. Ltd. (a)	Carimore Fund Managers (a)(b)	Perpetual Unit Trust Mgmt. (a)	Arbuthnott Securities (C.L.) Limited	King & Shaxson Mgrs.								
Gatehouse Rd., Aylesbury	St. Mary Axe, EC3A 8RP	01-283 2521	P.O. Box 284, St. Helier, Jersey	Charlton Cross, St. Helier, Jersey	0534 75761							
Key Capital... Key Income... Key Inv. Tr. Fd.	American T.M. 34.5 High Income 37.7 Income Fd. 45.1	01-283 2521	Cap. Tr. Jersey 110.0	Valley Hse., St. Peter Port, Guernsey	0461 24706							
Key Gen. Inv.	51.0	4.00	British T.M. Acc. 51.0	Thomas Street, Douglas, I.O.M.	0624 44555							
Ill Hambro. Group (a)(b)	Commodities 57.2 Corporate 57.7	01-283 2521	Ent. Inv. Tr. I.M.D. 110.0	Gilt Fund (Jersey) 19.25	9.26	12.25						
Ambr Hse., Hutton, Brentwood, Essex	East Europe 57.0	01-283 2521	Ent. Inv. Tr. I.M.D. 110.0	Gilt Fund (Guernsey) 17.71	9.75	12.25						
Ambr Fund 328.0	High Income 57.5	01-283 2521	Fund Inv. Tr. I.M.D. 110.0	Ent. Govt. Secs. Tr. 18.13	18.29							
Ambr Acc. Fd. 328.0	Income 57.5	01-283 2521	Inv. Inv. Tr. I.M.D. 110.0	First Sterling 183.83	184.74							
Diversified Funds	Income Fund 57.5	01-283 2521	Inv. Inv. Tr. I.M.D. 110.0	First Inv. 183.83	184.74							
Ambr Inv. Fund 65.1	59.6	4.00	Inv. Inv. Tr. I.M.D. 110.0	Inv. Inv. Tr. I.M.D. 110.0	184.74							
Ambr Ind. Fund 62.0	66.6	4.00	Inv. Inv. Tr. I.M.D. 110.0	Inv. Inv. Tr. I.M.D. 110.0	184.74							
Ambr Ch. & Inc. 35.9	58.4	4.00	Inv. Inv. Tr. I.M.D. 110.0	Inv. Inv. Tr. I.M.D. 110.0	184.74							
Ambr C. & Ind. Dev. 35.0	55.3	4.00	Inv. Inv. Tr. I.M.D. 110.0	Inv. Inv. Tr. I.M.D. 110.0	184.74							
Ambr Capital 71.3	76.5	4.00	Inv. Inv. Tr. I.M.D. 110.0	Inv. Inv. Tr. I.M.D. 110.0	184.74							
Ambr Acc. Fd. 118.5	126.6	4.00	Inv. Inv. Tr. I.M.D. 110.0	Inv. Inv. Tr. I.M.D. 110.0	184.74							
Ambr Funds	Inv. Inv. Tr. I.M.D. 110.0	Inv. Inv. Tr. I.M.D. 110.0	Inv. Inv. Tr. I.M.D. 110.0	Inv. Inv. Tr. I.M.D. 110.0	184.74							
Ambr Yield Fd. 69.7	74.6	4.00	Inv. Inv. Tr. I.M.D. 110.0	Inv. Inv. Tr. I.M.D. 110.0	184.74							
Ambr Income Fd. 64.4	68.9	4.00	Inv. Inv. Tr. I.M.D. 110.0	Inv. Inv. Tr. I.M.D. 110.0	184.74							
Ambr H. Eq. Inc. 58.7	61.4	4.00	Inv. Inv. Tr. I.M.D. 110.0	Inv. Inv. Tr. I.M.D. 110.0	184.74							
Ambr International 26.6	28.5	4.00	Inv. Inv. Tr. I.M.D. 110.0	Inv. Inv. Tr. I.M.D. 110.0	184.74							
Ambr of America 26.0	59.9	4.00	Inv. Inv. Tr. I.M.D. 110.0	Inv. Inv. Tr. I.M.D. 110.0	184.74							
Ambr Special. Funds 31.8	44.7	4.00	Inv. Inv. Tr. I.M.D. 110.0	Inv. Inv. Tr. I.M.D. 110.0	184.74							
Ambr C. & Fd. 35.6	37.9		Inv. Inv. Tr. I.M.D. 110.0	Inv. Inv. Tr. I.M.D. 110.0	184.74							
Ambr Smr. C. & Fd. 35.5	44.5		Inv. Inv. Tr. I.M.D. 110.0	Inv. Inv. Tr. I.M.D. 110.0	184.74							
Ambr Every Site 30.8	39.5		Inv. Inv. Tr. I.M.D. 110.0	Inv. Inv. Tr. I.M.D. 110.0	184.74							
Ambr Min. & Ctry. 40.3	53.1		Inv. Inv. Tr. I.M.D. 110.0	Inv. Inv. Tr. I.M.D. 110.0	184.74							
Ambr Overseas Earnings 57.4	63.1		Inv. Inv. Tr. I.M.D. 110.0	Inv. Inv. Tr. I.M.D. 110.0	184.74							
Ambr Smr. C. & Fd. 216.7	228.1		Inv. Inv. Tr. I.M.D. 110.0	Inv. Inv. Tr. I.M.D. 110.0	184.74							
Ambr Acc. Fd. 115.0	175.0		Inv. Inv. Tr. I.M.D. 110.0	Inv. Inv. Tr. I.M.D. 110.0	184.74							
Ambr Andersens Unit Trust Managers Ltd. 52.4	52.4	4.40	Practical Invest. Co. Ltd. (a)(b)	Prudential Portfolios Mgrs. Ltd. (a)(b)(c)								
Ambr Puch. St. EC3M 684	52.4	4.40	Prudential Portfolios Mgrs. Ltd. (a)(b)(c)									
Ambr U.T. 48.8	52.4	4.40	Prudential Portfolios Mgrs. Ltd. (a)(b)(c)									
Ambr Inshbacher Unit Mgmt. Co. Ltd. 01-283 6767	52.4	4.40	Prudential Portfolios Mgrs. Ltd. (a)(b)(c)									
Noble St. EC2V 7JA	52.4	4.40	Prudential Portfolios Mgrs. Ltd. (a)(b)(c)									
Ambr Monthly Fund 145.0	175.0		Prudential Portfolios Mgrs. Ltd. (a)(b)(c)									
Ambr Burchinot Securities Ltd. (a)(b)	52.4	4.40	Prudential Portfolios Mgrs. Ltd. (a)(b)(c)									
Ambr Guardian Royal Ex. Unit Mgrs. Ltd. 01-283 8011	52.4	4.40	Prudential Portfolios Mgrs. Ltd. (a)(b)(c)									
Ambr Royal Exchange EC3P 3DN	52.4	4.40	Prudential Portfolios Mgrs. Ltd. (a)(b)(c)									
Ambr Inshbacher Unit Mgmt. Co. Ltd. 01-283 6767	52.4	4.40	Prudential Portfolios Mgrs. Ltd. (a)(b)(c)									
Noble St. EC2V 7JA	52.4	4.40	Prudential Portfolios Mgrs. Ltd. (a)(b)(c)									
Ambr Andersens Unit Trust Managers Ltd. 52.4	52.4	4.40	Prudential Portfolios Mgrs. Ltd. (a)(b)(c)									
Ambr Grieveson Management Co. Ltd. 01-283 4423	52.4	4.40	Prudential Portfolios Mgrs. Ltd. (a)(b)(c)									
Ambr Guardian Royal Ex. Unit Mgrs. Ltd. 01-283 8011	52.4	4.40	Prudential Portfolios Mgrs. Ltd. (a)(b)(c)									
Ambr Ridgefield Management Ltd. 01-283 2241	52.4	4.40	Prudential Portfolios Mgrs. Ltd. (a)(b)(c)									
Ambr Reliance Unit Mgrs. Ltd. 01-283 3344	52.4	4.40	Prudential Portfolios Mgrs. Ltd. (a)(b)(c)									
Ambr Royal Exchange EC3V 3LU	52.4	4.										







# FINANCIAL TIMES

Tuesday June 13 1978

**FOOD**  
machinery valuers

## General Motors plans Belfast factory

By Stuart Alexander and Terry Dodsworth

GENERAL MOTORS, the biggest motor manufacturer in North America, is to expand its presence in the European vehicle components industry with two substantial new manufacturing plants.

The group has eight component plants in the EEC, five in the UK, two in France and one in the Irish Republic. Their products, mainly under the A.C. Delco trade name, range from sparking plugs and oil filters to diesel engines and automatic transmissions.

The new plans are for a £15m seal belt unit at Dundonald, near Belfast, and an £11m to £17m plant to build retarders for automatic gearboxes. The company said yesterday that there was a good chance of the UK being chosen for the retarder site.

The seal belt factory, which comes as a major fillip to the Government's efforts to secure new investment for Northern Ireland, is expected to be fully operational by 1980 and will employ about 600 people.

It will consolidate Northern Ireland's position as an important and developing area for supply of components to the Continental motor industry. Ford already has a sizeable operation in the area making carburetors, along with Walker, Tenneco (silencers), Michelin and GoodYear in the tyre and rubber field, and Kent Plastics in dashboards.

The GM investment will also consolidate the UK's position in the European seal belt manufacturing industry. This market is headed by Biflex, the BSG subsidiary, which is also licensing General Motors for part of the new products to be made in Belfast.

The decision to manufacture retarders in Europe is a retarder provides engine braking on automatics forms part of GM's five-year plan to increase both penetration and profitability in the European truck and components market.

The plant, producing 10,000 to 15,000 units a year, will be built by Detroit Diesel Allison, the engine and automatic gearbox division of GM, and will provide about 1,500 new jobs.

GM, which owns Vauxhall and Bedford in the UK and Opel in West Germany, already has engine and gearbox assembly facilities in Britain.

Mr Jim Crowe, a director of international operations for DDA, said yesterday that that company was particularly interested in sites in both Wales and Scotland.

"We have always had a good working relationship in Britain," he said. "I think Britain is over the worst of its labour problems and is now coming round to being more productive."

Detroit Diesel Allison is to make its first four-stroke diesel. It will build a \$190m plant in Michigan for the 8.2 litre engine. Production is expected by late 1979, at the rate of 72,000 a year. Though designed primarily to replace the V-8 petrol engines in medium-range lorries in the U.S., it will be marketed in Europe and the Middle East.

This is the first four-stroke engine produced by Detroit Diesel, which previously and exclusively built two-stroke diesels and turbine engines.

## Heavy shift from dollars by oil producers

By MARY CAMPBELL

OIL-PRODUCING COUNTRIES shifted heavily out of dollars in the second half of last year, switching currencies to a much greater extent than other depositors with international banks.

This is the conclusion reached by the Bank for International Settlements in its annual analysis of international banking trends, published yesterday in its annual report.

The analysis shows that London's importance in the international financial markets fell back last year, largely as a result of the shift of business out of dollars and into other currencies.

Elsewhere in the report the BIS says that the dollar should be seen to be backed by reserve assets in the U.S. implicitly lending its voice to the argument that the U.S. should build up non-dollar foreign exchange reserves.

Even assuming that the dollar strengthens, the BIS implies that non-dollar currencies may have to play a bigger international reserve role in future.

While 60 per cent of the \$13.5bn of new deposits received by international banks from the Organisation of Petroleum Exporting Countries sources last year was denominated in dollars, virtually all these dollar deposits were made in the first half of the year.

In those six months only 10 per cent of the \$8.5bn of new deposits received from these countries was denominated in currencies other than the dollar.

## EEC ready to give Zaire fresh support for economy

By GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

EEC GOVERNMENTS are prepared, in principle, to consider giving fresh economic aid to Zaire if it helps out of its current economic difficulties. But they will insist on strict guarantees that the money is spent on projects for which it is intended.

This emerged here today as the consensus view among Foreign Ministers of the Nine at a meeting on the eve of Belgian-sponsored discussions in Brussels between Zaire and about a dozen of its principal Western creditors.

The creditors include the International Monetary Fund and the World Bank. The Foreign Ministers also decided to defer, for the moment, any further economic measures aimed at forcing South Africa to soften its apartheid regime. In the hope of enlisting Pretoria's assistance in a last-ditch attempt to reach a settlement which would give independence to Namibia (South-West Africa).

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The GM investment will also consolidate the UK's position in the European seal belt manufacturing industry. This market is headed by Biflex, the BSG subsidiary, which is also licensing General Motors for part of the new products to be made in Belfast.

The decision, which follows a vigorous internal debate, was taken at a meeting of Transport House's key organisation, sub-committee against the recommendation of Mr Reg Underhill, the party's national agent.

The group is expected to be ratified by the National Executive Committee later this month. The consequence will be that no

victorious Labour candidate in a General Election this autumn will be allowed to contest the first directly elected Euro-seats next June.

The Conservatives have not yet completed their own plans. But

## Labour MPs may be barred from contesting Euro-seats

By RUPERT CORNWELL, LOBBY STAFF

THE LABOUR PARTY last night virtually made up its mind that its MPs will not be able to hold the same conclusion as Labour.

Mr Underhill had suggested that MPs should be able to stand for Europe next June. If they then held a seat in both Parliaments they would have until the next General Election to decide which they would give up.

But a six-three majority decided that it would be physically impossible and damaging for the party for one man to do both jobs. Mr Underhill's only supporters were said to be Left Winger Mr Eric Hoffer, Mrs Shirley Williams, the Education Secretary, and Mr John Cartwright, the moderate MP for Woolwich East.

The clinching argument last night was the risk Labour might

face if it narrowly retained its power at an autumn General Election, only to contend with a spate of awkward by-elections early in the life of the next Parliament, as MPs defect to Europe.

As expected, the sub-committee gave the go-ahead for trade unions to sponsor candidates for Europe—as they now do for about 100 Labour MPs at Westminster. The financial assistance might cover up to 80 per cent of election expenses, which have been tentatively estimated at £30,000 for each of the 81 European seats.

Moves are also under way at Transport House to ensure the accountability of Labour's contingent in Europe to the Party at home—a safeguard insisted upon by anti-marketeers who are in a majority on the NEC.

## Lucas Aerospace to stay on Merseyside

By KENNETH GOODING, INDUSTRIAL CORRESPONDENT

LUCAS AEROSPACE is not to industrial estate and cost up to £3m, including the provision of jobs which Lucas has declared worth about £5m has persuaded the group to make major changes to its restructuring programme announced in March.

The original intention was for the Lucas Victor works in Liverpool to close after a gradual transfer of operations to the group's Birmingham factories.

Instead, Lucas is to move into a purpose-built factory at Huyton, Liverpool. This will cost £10.5m to build, equip and fund and will save 500 jobs for Merseyside, compared with the 1,450 to be lost with the Victor closure.

Mr Gerald Kaufman Minister for Industry, said last night: "This financial assistance is not extraordinary and is available to any company wishing to establish itself in an assisted area."

Lucas met an angry reaction from the Lucas Aerospace shop stewards' combine when the reorganisation was announced in March. Mr Blyth said yesterday that the co-operation of the workforce at the Victor works—where production was 99 per cent of target last month—continued to be first-class. He hoped the decision to stay on Merseyside would change the attitude of the shop stewards.

However, Mr Ken Gill, chairman of the aerospace committee of the Confederation of Shipbuilding and Engineering Unions, said that, while welcoming the decision by Lucas "we

are concerned to save the 2,000 jobs which Lucas has declared will be redundant within the next two years. We will be continuing our campaign to force Lucas to take the necessary action to protect the other jobs which are threatened."

• The Department of Industry will give Lucas assistance with its new plant in Bradford, again involving the lease of the factory with an initial two-year, rent-free period.

The new Bradford factory, which will make electric actuators and small motors, will employ 400 compared with the 750 at Lucas's existing plant in the town.

Mr Blyth said: "The Bradford scheme is a much more straightforward commercial proposition. Again, a big part of the attraction for both the Government and Lucas is that the skill of our existing workforce in West Yorkshire will be retained."

He repeated that all the people affected by the reorganisation—which includes closure of the Coventry foundry and shut-down of part of the Hemel Hempstead works—would be offered alternative employment by Lucas and generous relocation allowances.

Much of the shake-out would be achieved through natural wastage over the two years.

With gold no longer an element in reserve growth, it says. "Other sources may now have to be looked to as a supplement to the dollar in world reserves."

The BIS dismisses Special Drawing Rights, the reserve assets created by the International Monetary Fund as a solution in anything but the long term, and no more than mentions the possibility of developing some other internationally created asset.

Although it does not say so specifically, the implication is that it foresees a more important role for non-dollar cur-

rencies, notwithstanding any objections by the central banks concerned.

It says that since there is for the foreseeable future no alternative to the dollar as the principal reserve asset in the international monetary system, appropriate steps should be taken to restore full confidence in it.

Above all this means reducing the current account deficit. "In addition confidence would be strengthened if the dollar were seen to be backed by reserve assets in the U.S. rather than simply by the present network of short-term swap facilities."

## Accounting firms in major shake-up

By Michael Lafferty

ARTHUR ANDERSEN, the Chicago-based accountancy firm which ranks among the world's eight largest, is breaking off its connections with Saba & Co., the biggest accountancy business in the Middle East. In turn Saba is becoming a member of the Touche Ross International partnership, another member of the "big eight" and with headquarters in New York.

The moves—one of the most important professional accounting shake-ups of recent times—mean that Arthur Andersen will have to start from scratch in developing its practice in the lucrative Middle East accounting market. For Touche Ross, Saba provides a major foothold in a part of the world where it has hitherto been weak.

Mr Harvey Cupnick, chairman of Arthur Andersen, said that the firm would now establish its own offices in the Middle East and North Africa "in accordance with its long-standing objective to operate in its own name under its one-firm concept on a worldwide basis."

The announcements mark the end of a number of years' intensive efforts by Arthur Andersen to get Saba to agree to full integration within AA, well known for its centralised management and quality control systems. Touche Ross is a loose federation of largely autonomous national accounting firms operating together under the Touche Ross label and sharing certain quality control and training costs.

Mr Suhail Saba, managing partner of Saba, said it was his firm's policy to continue to practice as a national firm "owned and controlled by its partners."

This is the latest in a series of changes in the Middle East accounting world. Recently, Deloitte Haskins and Sells, another of the big eight, decided,

like Arthur Andersen, to go it alone while its former associates have since linked up with the McLintock Main Laffrentz organisation, a smaller international accounting group which is still

among the world's top 15.

Continued from Page 1  
Raw materials

Crude oil accounted for half the rise. This index has risen by 8½ per cent in the past three months.

Some of the impact of the weakness of sterling in the late spring and, in particular, of the recent rise in world commodity prices will boost the June index.

The normal yardstick is that it takes between three and six months on average for these costs to work through to factory-gate prices.

The output price index rose by about 1½ per cent in May to 284.3 (1970=100) with increases

in the food, drink and tobacco sector rose by 1½ per cent across most sectors.

The 12-month rate of increase because of the fall in sterling, in this index fell from 104 to 94

per cent in May—the first single-figure annual rise since November 1973.

Prices charged by the food manufacturing sector have risen slightly more rapidly than in the rest of industry in recent months. In May the index rose by 1½ per cent—for an increase of 2½ per cent in the last three months—mostly as a result of higher prices for animal and poultry foods and for bacon, curing, meat and fish products.

The cost of materials bought

by food manufacturing companies rose by 1½ per cent last month, mainly as a result of higher prices for home-produced cereals and coffee.

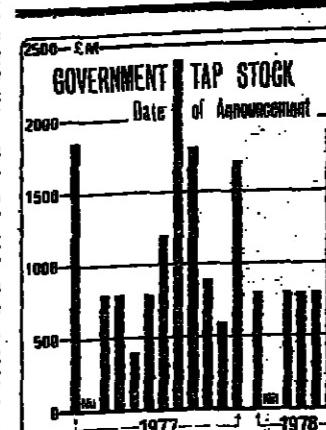
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## THE LEX COLUMN

## Biscuits check ABF decline

Index rose 5.3 to 472.2



item, of nearly £2m. There has yet to find a buyer for last ship, but says that provision has been made against losses on the sale.

Unlike the competition, banking side did not get last year's gilt bonus. While Hamburgs, for instance, saw substantially higher gross profit figures last autumn Hill Sam was unchanged at the half stage. Its gilt-edged trading apparently confined to the insurance side, which may have made a profit of about £2m after tax.

Having dropped some £2m in this way, the group then proceeded to make up £2m of the shortfall. The prize performance came from the companies manufacturing products such as biscuits, crisps, and rice. Here operating profits are 35 per cent (£26m) better at just over £23m. These activities represent 49 per cent of the UK total against 35 per cent in 1976-77. Meanwhile, milling profits are up 11 per cent to £17m.

After losing £2m on conversion, overseas profits are £5m lower at about £41m, following a price war in both Australia and South Africa.

The current year should show considerable recovery on the baking side, where previous profits of £4m could be achieved. But with no let-up in "Operation Checkout" there can hardly be much change on the retailing side. Now £1.1m is still a bad result, with £1.1m after tax. Still analysts are optimistically forecasting profits of about £90m for 1978-79.

## Short tap

The exhaustion of the short tap, Exchequer 94 per cent 1982 "A," came as no great surprise but the indecent haste with which the authorities rushed out a replacement ruffled a few feathers.

The only bidder left is Tenneco. It is a political one, agreed offer for Albright & Wilson is unquestionably attractive in financial terms: 1982 share cash compares with a sight of interest in gilt-edged and the FT Ordinary Index finished at its best level of the day.